

深圳市深粮控股股份有限公司
SHENZHEN CEREALS HOLDINGS CO.,LTD.
SEMI-ANNUAL REPORT 2023



【August 2023】

Section I. Important Notice, Contents and Interpretation

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

Principal of the Company Hu Haixiang, Head of Accounting Lu Yuhe and Head of Accounting Institution (Accounting Supervisors) Wen Jieyu hereby confirm that the Financial Report of Semi-Annual Report 2023 is authentic, accurate and complete.

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

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

The Company has analyzed the risk factors that the Company may exist and its countermeasures in the report. Investors are advised to pay attention to read “Prospect for future development of the Company” in the report of Section III Discussion and Analysis of the Operation.

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

The Company has no plan of cash dividend distributed, no cash bonus and capitalizing of common reserves either carried out.

Contents

Section I. Important Notice, Contents and Interpretation.....	2
Section II Company Profile and Main Financial Indexes.....	7
Section III Management Discussion and Analysis.....	11
Section IV Corporate Governance.....	27
Section V. Environmental and Social Responsibility.....	28
Section VI. Important Events.....	30
Section VII. Changes in Shares and Particulars about Shareholders.....	35
Section VIII. Preferred Stock.....	39
Section IX. Corporate Bonds.....	40
Section X. Financial Report.....	41

Documents Available for Reference

1. Text of financial statement with signature and seals of legal person, person in charge of accounting works and person in charge of accounting institution;
2. Original and official copies of all documents which have been disclosed in the reporting period;
3. Original copies of semi-annual report 2023 with signature of the company's principal.

Interpretation

Items	Refers to	Contents
SZCH/Listed Company /the Company	Refers to	Shenzhen Cereals Holdings Co., Ltd.
Shenshenbao/Shenbao Company	Refers to	Shenzhen Shenbao Industrial Co., Ltd.
SZCG	Refers to	Shenzhen Cereals Group Co., Ltd
Doximi	Refers to	Shenzhen Shenliang Doximi Business Co., Ltd.
Shenzhen Flour, Flour Company	Refers to	Shenzhen Flour Co., Ltd
Shenliang Quality Inspection	Refers to	Shenliang Quality Inspection Co., Ltd.
Dongguan Logistics	Refers to	Dongguan Shenliang Logistics Co., Ltd.
Shenbao Huacheng	Refers to	Shenzhen Shenbao Huacheng Technology Co., Ltd.
Hualian Company	Refers to	Shenzhen Hualian Grain and Oil Trading Co., Ltd.
Shenliang Cold Chain	Refers to	Shenzhen Shenliang Cold Chain Logistics Co., Ltd.
Shenliang Property	Refers to	Shenzhen Shenliang Property Development Co., Ltd.
Shenliang Big, Big Kitchen	Refers to	Shenzhen Shenliang Big Kitchen Food Supply Chain Co., Ltd
Purchase and Sales Branch	Refers to	Grain and Oil Purchase and Sales Branch of Shenzhen Cereals Group Co., Ltd
Dongguan Oil & Food	Refers to	Dongguan Shenliang Oil & Food Trade Co., Ltd.
Shenliang Cold Transport	Refers to	Shenzhen Shenliang Cold Transport Co., Ltd.
Shenshenbao Investment	Refers to	Shenzhen Shenshenbao Investment Co., Ltd
Shenliang Food	Refers to	Shenzhen Shenliang Food Co., Ltd.
Zhenpin Market	Refers to	Zhenpin Market Operation Technology Co., Ltd.
Wuhan Jiacheng	Refers to	Wuhan Jiacheng Biotechnology Co., Ltd
Food Materials Group/Food Group/Fude Capital	Refers to	Shenzhen Agriculture and Food Investment Holding Group Co., Ltd., formerly known as “Shenzhen Food Materials Group Co., Ltd”, “Shenzhen Food Group Co., Ltd.”and “Shenzhen Fude State Capital Operation Co., Ltd”, is the Controlling shareholder of the company.
Agricultural Products	Refers to	Shenzhen Agricultural Products Group Co., Ltd
SIHC	Refers to	Shenzhen Investment Holdings Co., Ltd.
Shenzhen SASAC	Refers to	Shenzhen Municipal People’s Government State-owned Assets Supervision & Administration Commission
CSRC	Refers to	China Securities Regulation Commission
SSE	Refers to	Shenzhen Stock Exchange

Shu Lun Pan CPAs	Refers to	BDO China Shu Lun Pan Certified Public Accountant LLP
Article of Association	Refers to	Article of Association of Shenzhen Cereals Holdings Co., Ltd.
RMB/10 thousand Yuan	Refers to	CNY/ten thousand Yuan

Section II Company Profile and Main Financial Indexes

I. Company information

Short form for share	SZCH, Shenliang B	Stock code	000019, 200019
Listing stock exchange	Shenzhen Stock Exchange		
Chinese name of the Company	深圳市深粮控股股份有限公司		
Abbr. of Chinese name of the Company	深粮控股		
English name of the Company(if applicable)	SHENZHEN CEREALS HOLDINGS CO.,LTD		
Legal Representative	Hu Xianghai		

II. Person/Way to contact

	Secretary of the Board	Rep. of security affairs
Name	Chen Xiaohua	Chen Kaiyue, Liu Muya
Contact add.	13/F, Tower A, World Trade Plaza, No.9 Fuhong Rd., Futian District, Shenzhen	13/F, Tower A, World Trade Plaza, No.9 Fuhong Rd., Futian District, Shenzhen
Tel.	0755-83778690	0755-83778690
Fax.	0755-83778311	0755-83778311
E-mail	chenxh@slkg1949.com	chenky@slkg1949.com, liumy@slkg1949.com

III. Information disclosure and preparation place

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

IV. Registration changes of the Company

III. Other information

1. Company contact information

Has the registered address, office address, postal code, website, email address, etc. of the company changed during the reporting period?

Applicable Not applicable

The registered address, office address, postal code, website, and email address of the company remained unchanged during the reporting period. Please refer to the 2022 annual report for details.

2. Information disclosure and location

Has the information disclosure and location changed during the reporting period?

Applicable Not applicable

The website and media name and website of the stock exchange where the company disclosed its semi-annual report, and the place of placement of the company's semi-annual report remains unchanged during the reporting period, as detailed in the 2022 annual report.

3. Other relevant information

Is there any change in other relevant information during the reporting period?

Applicable Not applicable

IV. Main accounting data and financial indexes

Is the Company required to retrospectively adjust or restate prior year's accounting data?

Yes No

	Amount in current period	Amount in last period	Year-on-year increase(+)/decrease(-)
Operation income (RMB)	2,831,996,801.82	4,338,044,528.35	-34.72%
Net profit attributable to shareholders of the listed company(RMB)	168,149,768.31	237,527,782.93	-29.21%
Net profit attributable to shareholders of the listed company after deducting extraordinary gains/losses(RMB)	159,103,953.25	227,132,288.75	-29.95%
Net cash flows arising from operating activities (RMB)	83,503,352.21	260,373,502.86	-67.93%
Basic earnings per share (RMB/Share)	0.1459	0.2061	-29.21%
Diluted earnings per share (RMB/Share)	0.1459	0.2061	-29.21%
Weighted average ROE	3.47%	5.00%	-1.53%

	Ending balance of current period	Ending balance of last period	Year-on-year increase(+)/decrease(-)
Total assets (RMB)	7,579,279,609.50	7,441,334,674.98	1.85%
Net assets attributable to shareholders of listed company (RMB)	4,643,162,339.43	4,762,973,461.81	-2.52%

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

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

Applicable Not applicable

Unit: RMB/CNY

	Net profit attributable to shareholders of the listed Company		Net assets attributable to shareholder of listed Company	
	Current period	Last period	Ending amount	Opening amount
Chinese GAAP	168,149,768.31	237,527,782.93	4,643,162,339.43	4,762,973,461.81
Items and amount adjusted by IAS				
Adjustment for other payable fund of stock market regulation			1,067,000.00	1,067,000.00
IAS	168,149,768.31	237,527,782.93	4,644,229,339.43	4,764,040,461.81

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

Applicable Not applicable

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

3. Explanation on difference of the accounting data under accounting rules in and out of China

Applicable Not applicable

VI. Items and amounts of extraordinary gains/losses

Applicable Not applicable

In RMB

Item	Amount	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	1,587,775.37	
Governmental grants reckoned into current gains/losses (except for those with normal operation business)	5,788,072.14	

concerned, and conform to the national policies & regulations and are continuously enjoyed at a fixed or quantitative basis according to certain standards)		
Profit and loss of assets delegation on others' investment or management	3,107,648.76	
Except for the effective hedging operations related to normal business operation of the Company, the gains/losses of fair value changes from holding the tradable financial assets and tradable financial liabilities, and the investment earnings obtained from disposing the trading financial asset, trading financial liability and financial assets available for sale	174,961.34	
Other non-operating income and expenditure except for the aforementioned items	143,428.04	
Less: Impact on income tax	1,679,903.52	
Impact on minority shareholders' equity (post-tax)	76,167.07	
Total	9,045,815.06	--

Specific information on other items of gains/losses qualified the definition of extraordinary gains/losses

Applicable Not applicable

The Company does not have other items of gains/losses qualified the definition of extraordinary gains/losses

Information on the definition of extraordinary gains/losses that listed in the *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Gains/Losses* as the recurring gains/losses.

Applicable Not applicable

The Company does not have any extraordinary gains/losses listed under the *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Gains/Losses* defined as recurring gains/losses.

Section III Management Discussion and Analysis

I. Main businesses of the Company during the reporting period

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

The wholesale and retail business are mainly rice, wheat, rice in the husk, corn, sorghum, cooking oil and other varieties of grain and oil as well as the sales of fine tea, beverage and condiment. During the reporting period, the company overcame many adverse factors such as decline in market demand and fluctuation of grain price, took multiple measures to ensure supply and stable supply, and continued to optimize the products, strengthen the brand and expand the market. Mainly supplied wheat, rice, corn, barley, sorghum and other raw grain to customers such as the industry's large traders, feed processing and flour processing enterprises and so on; mainly sold rice, flour, cooking oil, high-quality tea, beverages and other products to demand units and community residents.

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

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

provides cold chain of food storage and distribution services to the customers, and Shenliang Property is a professional assets management platform enterprise.

II. Core Competitiveness Analysis

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

1. Operation mechanism

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

2. Business model

The company deeply engages in segmenting the target market, provides diversified product supply services for customers in different areas of the industry chain, establishes a multi-level product supply network covering online and offline, and realizes the transformation of product supply to “remoteness, intelligentization, and self-service”. In terms of grain and oil trading services, the bulk commodity trading platform www.zglsjy.com.cn created by its subsidiary Hualian Company efficiently integrates business flow, logistics, and information flow, improves circulation efficiency, and provides spot listings, one-way bidding, basis price, financing, logistics, quality inspection, information and other services for internal business units, suppliers and customers. In terms of

e-commerce, SZCH Doximi actively promotes the development of new grain retail formats such as “Internet + Grain” and “Community Automatic Grain Sales Stations”, and has opened channels on e-commerce platforms such as Tmall and Jingdong Mall so as to promote the deep integration of online and offline e-commerce platforms. In terms of group meal supply, its subsidiary SZCH Beige has established a one-stop distribution service platform serving large end customers, providing high-quality and safe smart group meal food services for group users such as enterprises, schools, and government institutions. In terms of comprehensive tea drinking services, its subsidiary Shenbao Investment has launched a micro-complex “Cha Mi Xiang Qi” with a combination of “light drinks”, “light food” and “light retail” functions.

3. Information technology

The company attaches great importance to the transformation and upgrading of traditional industries with modern technological means, and actively introduces new-generation information technologies such as the Internet of Things, cloud computing, big data, and mobile Internet into grain management, forming an information system that can cover the entire industrial chain of the grain industry, and promoting the “Internet + Grain” industry development. The company’s informatization construction capability is at the leading level in the grain reserves industry, taking the lead in building the warehouse management of “standardization, mechanization, informatization, and harmlessness” in the industry, the self-developed “Grain Logistics Information System (SZCG GLS)” has built a framework for the construction of grain informatization work, innovated the grain management model, led the development direction of the grain industry, and became a benchmark for the national grain industry. The project was awarded the “National IoT Major Application Demonstration Project” by the National Development and Reform Commission and the Ministry of Finance. The company has undertaken a number of national-level research projects, the results of a number of informatization projects have won national, provincial and municipal awards, and dozens of information systems have been developed and are operating normally.

4. R&D capabilities

The company has strong research and development capabilities in the field of food and beverage, and gathers leading technological advantages and equipment systems. The subsidiary Shenbao Huacheng owns the Jiangxi provincial enterprise technology center, Shenzhen municipal research and development center (technology center) and Shenzhen plant deep processing technology engineering laboratory and have obtained national high-tech enterprise certification. And also owns over fifty patented technologies for tea powder, tea concentrated juice and plant extraction independently researched and developed, published more than thirty of scientific papers, and won a number of awards such as Science and Technology Progress Award of the Ministry of Agriculture, Shennong Chinese Agricultural Science & Technology Award of the Chines Society of Agriculture, Science & Technology Achievement Award of Chinese Academy of Agricultural Sciences, Science and Technology Award of China National Light Industry Council, Zhejiang Science and Technology Award, Jiangxi Science and Technology Progress Award and Shenzhen Science & Technology Progress Award, etc., presided over or participated in the preparation of a national standards “GBT 21733-2008 Tea Beverages” and two industry standards, i.e. “Tea Concentrates for Food Industry - Light Industry Standard QB-T 4068- 2010” and “Instant Tea for Food Industry -

Light Industry Standard QB-T 4067-2010”。Wuhan Jiacheng Company is a national-level high-tech enterprise, a supporting unit of Hubei Food Fermentation Engineering Technology Research Center, a key backbone enterprise in the national biological fermentation industry, a unit undertaking national agricultural transfer funds, innovation funds, and major key projects, and has participated in drafting a number of national standards, industry development plans and related policies, and has published dozens of papers, monographs, and has a number of national patents for invention.

5. Quality control

The company implements grain and oil quality standards that are higher than national standards. The subordinate Shenliang Quality Inspection has the leading grain and oil quality inspection technology and equipment in the domestic grain industry, and is included in the national grain quality supervision and inspection system. It was awarded the “Guangdong Shenzhen National Grain Quality Monitoring Station” by the State Administration of Grain and obtained the assessment certificate of agricultural product quality and safety inspection agency (CATL) and the qualification certificate of inspection agency (CMA) etc, and passed the certification of 950 testing capability items. Shenliang Quality Inspection lists pesticide residues, heavy metal pollutants, fungal toxins and other hygiene indicators as well as food taste indicators in the daily inspection indicators. It has the ability to detect four types of indicators of generic quality, storage quality, food security & quality and other four types of indicators of testing capacity. The detection capability can meet the relevant quality detection requirements of grain and oil products, and can accurately analyze the nutritional composition and hygienic indicators of the grain and determine its storage and edible quality. It has created the “digital laboratory” in the grain industry, real-time monitoring of the entire process of cuttings, testing, distribution, etc., relying on collaborative platforms to save, retrieve, integrate, analyze and share grain and oil testing data to achieve 100% coverage of grain & oil product inspection. Has the internationally recognized quality control system. Its subsidiary Shenbao Huacheng Company has established a quality control system recognized by large international food and beverage companies, and has successfully passed the quality certification of global suppliers of Coca-Cola, Lipton, Kraft, Suntory, and Nestlé. Subsidiary Wuhan Jiacheng Company’s series of products have passed the certification of European Organic Products (EOP), US National Organic Program and other relevant system certification, and also obtained the product registration certificate of Russian red currant and special registration certificate of US FDA products for import, etc.

6. Brand effect

The company was awarded the “Top 500 Service Enterprises in China”, “China’s Most Influential Grain & Oil Group”, “China Top Ten Grain and Oil Groups”, “China Top 100 Grain and Oil Enterprises”, “National Leading Enterprise Supporting Grain and Oil Industrialization”, “National Quality Benchmark” and “Top 10 Food Digital Technology Applications”. It has been selected as one of the “First Batch of National Emergency Food Security Enterprises”, “Top 100 Agricultural Industrialized Head Enterprises in China”, “Top 10 Head Enterprise in the Grain Industry” and “The National Demonstration Enterprise of Assured Gain & Oil Demonstration Project”, etc.. It is the “Rice Bag” trusted by the public. Strengthen brand leadership, actively explore and cultivate excellent public brands, rely on quality to win recognition, reputation and market share, and form a series

of high-quality grain and oil products centered on China Good Grain and Oil, Shenzhen Well-known Brands, and Shenzhen Products. The company owns well-known brands and platforms, such as “Shenzhen Flour”, “SZCH Duoxi”, “SZCH Yushuiqing”, “Big Kitchen”, “Shenbao Teabank”, “Ju Fang Yong”, “Cha Mi Xiang Qi”, “Sanjing”, “www.zglsjy.com.com”, and “doximi.com”, and gradually build an industrial system with complete “rice” + “tea” elements.

IV. Main business analysis

Overview

2023 is the first year to fully implement the spirit of the 20th National Congress of the CPC. In the face of complex domestic and international situations, the company closely focused on the strategic goal of “becoming a smart grain, oil and food supply chain quality service provider”, adhered to the general tone of seeking progress while maintaining stability, firmly grasped the primary task of high-quality development, gathered strength to strengthen the coordination of “production, purchase, storage and marketing” of grain, did a solid job in infrastructure construction, improved the construction of systems and mechanisms, better balanced development and safety, focused on making up deficiencies, strengthening weak links, consolidating foundation and giving full play to advantages, and effectively enhances the ability to ensure the safety of the grain industrial chain and supply chain. In the first half of 2023, the demand of the grain and oil market continued to decline, and the global prices of bulk wheat, corn, grease and oil dropped significantly. The sales and gross profits of wheat and other raw grain of the company decreased, together with the rotation of high-price crude oil in stock, weak flour market demand and import quota wheat profit slowdown, the company achieved operating revenue of 2.832 billion yuan in the first half of the year, with the year-on-year decrease of 34.72%; the total profit was 214 million yuan, with the year-on-year decrease of 11.31%; the net profit attributable to shareholders of listed companies was 168 million yuan, with the year-on-year decrease of 29.21%.

1. Progress of key projects

At the beginning of the year, the Northeast Grain Source Base completed the drying and warehousing of more than 30,000 tons of new grain purchased in the autumn of last year, and inspected nearly 1,000 carloads, all of which met the quality standards of national grain reserves; upgraded and optimized rice processing capacity to meet the processing needs of multiple varieties, and completed the production task of 11,000 tons.

The A2 and A3 plot projects of Dongguan grain logistics node completed the main structure capping, which is expected to be completed in the second half of this year, and the No. 3 berth project is being accelerated; to adapt to the development trend of larger ships, No.1 and No.2 berths implemented berthing with less load, and the type of berthing ships has been upgraded from 10,000 tons to 20,000 tons. As of the end of June, 437 ships have been loaded and unloaded at the dock, including 11 ships above 10,000 tons, with the maximum deadweight of a single ship 16,800 tons, and the throughput of the dock has reached 1.062 million tons.

2. Sustained innovation and development

Guided by building a world-class enterprise, the company focused on tackling key core technologies and promoted the application of innovative achievements; on the basis of the existing system data and application system, gradually promoted the establishment of standard and unified data base, constructed data subject domain, and realized the data acquisition, cleaning and management of the business system; Organize the application of 2023 innovation support projects and technical transformation support projects; two invention patents of “A grain sampling management method, system and server” and “Positioning method, device, storage medium and terminal equipment based on video information” have been authorized by national patent announcement; worked with Henan University of Technology and related institutions to carry out the project of “Key Information Technology and Application of Grain Reserve Security” project; promoted the establishment of quality control system and production process study of red yeast rice.

“SZCG” won the honorary title of Shenzhen Famous Brand (2023-2025); Big Kitchen won the title of “Shenzhen Key Agricultural Leading Enterprise” and “the 11th Batch of National Assured Grain and Oil Demonstration Processing Enterprise”; Shenbao Huacheng was awarded “2023 Shenzhen SRDI Small and Medium-sized Enterprise”, “2022 Innovative Small and Medium-sized Enterprise”, and its Guangdong Tea Deep Processing Engineering Technology Research Center was certified the 2022 Guangdong Engineering Technology Research Center by the Department of Science and Technology of Guangdong Province. Fresh extract LR607162 and instant black tea powder HCP63408 won the first and second prizes of Jiangxi Province 2022 Excellent New Products respectively; Wuhan Jiacheng was certified as a state-level small and medium-sized science and technology enterprise, and won the prize subsidy of Wuhan High-tech Enterprise. The workshop technical transformation project of its functional red yeast rice project (Traditional Chinese medicine decoction piece production line) has been successfully completed, and the GMP workshop certification application is under way.

3. Other key works

- (1) The purchasing and marketing company withstood the pressure of storage capacity positions, overcame the difficulty of rotation, and well completed the rice reserve service. After the flour production line of Dongguan Oil & Food is officially put into operation, the flour small packaging production capacity of SZCG has been greatly improved. Shenliang Cold Transport walks out of the Bay Area in virtue of “fresh cloud warehouse + package delivery”, and the “overnight delivery” has covered multiple provinces. Doximi continued to deepen cooperation, strengthened support market, and introduced a number of support products; actively participated in large enterprises and employee welfare internal purchase platform, with significant growth in Tmall store member sales. The “Zhenpin” marketization project is progressing steadily, the smart Zhenpin supply chain management service platform has entered trial operation, built a large screen of data management, and the marketization order transactions have expanded rapidly; the product library of Big Company prepared food, Shenbao Huacheng instant tea concentrate, fresh extract, Shenbao Investment tea gift, Shenbao Sanjing FOOD&BEVERAGE oyster sauce continues to enrich.
- (2) Adhered to science and technology first, implement the strategy of “grain storage in technology”, actively applied grain storage by technology and green grain storage, vigorously promoted the construction of automated storage facilities such as quasi-low temperature storage and centralized temperature controlled grain storage system, reduced losses and consumption, and realized the high-quality development from “safe grain storage” to “green storage”.
- (3) Participated in the formulation of national standard *Wheat* and industry standards *Grain Storage: Technical Specification for Rice Storage* and *Grain and Oils Inspection: Determination of Water Soaking Cracked Kernels of Rice*; proposes suggestions for the revision of provincial and municipal reserve systems, many of which have been adopted.
- (4) Started company institutional document sorting and compilation, strengthened the abolishment, modification, formulation and interpretation of systems of grain reserve, finance, capital, investment, property rights, engineering, internal control, quality, safety and personnel, woven an all-round “net” for the systems, further optimized corporate governance structure and regulated operation of the company.
- (5) Strictly implemented the transmission mechanism of “three management and three must” and “Party and administration co-responsibility system, one post with two responsibilities, accountability for dereliction of

duty”, emphasized individual responsibility, highlighted personal duties, consolidated own work safety positions, and strengthened safety red line awareness and bottom line thinking.

Year-on-year changes in major financial data

In RMB

	Amount in current period	Amount in last period	Year-on-year increase(+)/decrease(-)	Reason
Operation income	2,831,996,801.82	4,338,044,528.35	-34.72%	Mainly due to weak demand in the grain and oil market and downward trade sales of grain and oil
Operation cost	2,357,438,707.57	3,775,825,625.81	-37.56%	Mainly due to weak demand in the grain and oil market, downward trade revenue of grain and oil, and a corresponding decrease in sales costs
Sales expense	81,081,244.08	79,331,081.69	2.21%	
Administration expenses	104,657,015.04	125,631,541.74	-16.70%	Mainly due to the decrease in compensation expenses calculated by the company based on operating performance
Financial expenses	20,808,115.34	28,009,628.45	-25.71%	Mainly due to decrease in loan interest
Income tax expense	46,217,947.45	2,958,666.41	1,462.12%	Mainly due to the increase in income tax expenses confirmed based on final settlement and payment in the current period
R&D expenses	9,432,745.24	10,137,177.77	-6.95%	
Net cash flows arising from operating activities	83,503,352.21	260,373,502.86	-67.93%	Mainly due to a decrease in the net inflow of advance receipts from the company's grain and oil trading
Net cash flows arising from investing activities	-255,045,437.38	-25,369,682.63	-905.32%	Mainly because the company's expenditure on purchasing wealth management products with idle funds
Net cash flows arising from financing activities	215,116,463.60	-212,953,478.35	201.02%	Mainly due to the increase in operating loans in the current period
Net increase of cash and cash equivalents	47,016,660.48	22,090,601.62	112.84%	

Significant changes in the composition or source of profits of the company during the reporting period

Applicable Not applicable

There have been no significant changes in the composition or source of profits of the company during the reporting period.

Composition of operation revenue

In RMB

	Amount in current period		Amount in last period		Year-on-year increase(+)
	Amount	Ratio in operation	Amount	Ratio in operation	

		revenue		revenue)/decrease (-)
Total operation revenue	2,831,996,801.82	100%	4,338,044,528.35	100%	-34.72%
By industry					
Wholesale and retail	1,970,880,248.72	69.59%	3,409,189,664.66	78.59%	-42.19%
Leasing and business services	487,158,541.41	17.20%	470,365,451.05	10.84%	3.57%
Manufacturing	373,958,011.69	13.21%	458,489,412.64	10.57%	-18.44%
By product					
Grain & oil trading and processing	2,217,815,907.14	78.31%	3,754,406,530.76	86.55%	-40.93%
Grain & oil storage logistics and services	428,675,200.44	15.14%	439,642,478.40	10.13%	-2.49%
Food, beverage and tea processing	125,895,974.09	4.45%	113,272,546.54	2.61%	11.14%
Leasing and others	59,609,720.15	2.10%	30,722,972.65	0.71%	94.02%
By region					
Domestic market	2,814,438,937.19	99.38%	4,313,917,094.98	99.44%	-34.76%
Export	17,557,864.63	0.62%	24,127,433.37	0.56%	-27.23%

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

☉ Applicable □ Not applicable

In RMB

	Operation revenue	Operation cost	Gross profit ratio	Year-on-year increase(+)/decrease (-) of operation revenue	Year-on-year increase(+)/decrease (-) of operation cost	Year-on-year increase(+)/decrease (-) of gross profit ratio
By industry						
Wholesale and retail	1,970,880,248.72	1,870,818,136.27	5.08%	-42.19%	-41.21%	-1.57%
By product						
Grain & oil trading and processing	2,217,815,907.14	2,118,753,957.28	4.47%	-40.93%	-39.57%	-2.15%
By region						
Domestic sales	2,814,438,937.19	2,344,160,503.27	16.71%	-34.76%	-37.64%	3.85%

In case of changes in the statistical caliber of principal business data in the reporting period, the Company will refer to the principal business data after adjustment in recent 1 year:

□ Applicable ☉ Not Applicable

IV. Analysis of non-main business

☞ Applicable ☐ Not applicable

Unit: RMB/CNY

	Amount	Ratio in total profit	Description of formation	Whether be sustainable
Investment income	2,402,184.67	1.12%		Unsustainable
Gains/losses of fair value variation	174,961.34	0.08%		Unsustainable
Asset impairment	-46,633,952.80	-21.80%	The main reason for this is the provision for inventory depreciation. When selling goods with provision for inventory depreciation, the current cost will be offset based on the actual carryover of the provision for inventory depreciation.	Unsustainable
Non-operating income	338,644.53	0.16%		Unsustainable
Non-operating expense	195,216.49	0.09%		Unsustainable

V. Analysis of assets and liabilities

1. Major changes of assets component

Unit: RMB/CNY

	End of current period		End of last period		Ratio changes (+/-)	Notes of major changes
	Amount	Ratio in total assets	Amount	Ratio in total assets		
Monetary fund	101,707,439.66	1.34%	54,103,771.00	0.73%	0.61%	
Account receivable	172,193,021.29	2.27%	236,829,100.95	3.18%	-0.91%	Mainly because the final payment received from grain and oil reserve services at the end of the previous year
Inventory	3,622,303,471.44	47.79%	3,599,041,970.52	48.37%	-0.58%	
Investment real estate	209,337,679.80	2.76%	217,137,461.76	2.92%	-0.16%	
Long-term equity	69,971,070.54	0.92%	70,676,534.63	0.95%	-0.03%	

investment						
Fix assets	2,098,755,391.85	27.69%	2,141,336,538.80	28.78%	-1.09%	
Construction in progress	232,409,940.90	3.07%	186,884,912.13	2.51%	0.56%	
Right-of-use assets	67,604,978.54	0.89%	78,304,838.28	1.05%	-0.16%	
Short-term loans	1,722,765,009.74	22.73%	1,192,211,087.37	16.02%	6.71%	Mainly due to increase in operating loans during the current period.
Contract liability	83,528,485.53	1.10%	110,177,908.96	1.48%	-0.38%	
Lease liability	58,167,435.71	0.77%	60,436,879.66	0.81%	-0.04%	

Foreign assets account for a relatively high proportion

Applicable Not applicable

2. Assets and liabilities measured by fair value

Applicable Not applicable

3. Assets and liability measured by fair value

Applicable Not applicable

In RMB

Items	Amount at the beginning period	Changes of fair value gains/losses in current period	Accumulative changes of fair value reckoned into equity	Devaluation of withdrawing in the period	Amount of purchase in the period	Amount of sale in the period	Other changes (+/-)	Amount at period-end
Financial assets								
1.Trading financial asset(excluding derivative financial assets)	46,676,652.91	113,524.84			180,040,306.48			226,830,484.23
5.Other non-current financial assets	57,500.00							57,500.00
Subtotal of	46,734,152.91	113,524.84			180,040,306.48			226,887,984.23

financial assets								
Above total	46,734,152.91	113,524.84			180,040,306.48			226,887,984.23
Financial liabilities	288,486.18						-288,486.18	0.00

Other changes

NA

Whether there have major changes on measurement attributes for main assets of the Company in reporting period or not

Yes No

4. The assets rights restricted till end of the period

Item	Book value at period-end	Reasons for restriction
Monetary fund	1,595,309.92	Guarantee deposit, credit deposit, etc.
Total	1,595,309.92	

VI. Investment analysis

1. Overall situation

Applicable Not applicable

Investment in reporting period (RMB)	Investment in the same period of last period (RMB)	Changes (+/-)
51,638,617.14	33,983,734.95	51.95%

2.The major equity investment obtained in the reporting period

Applicable Not applicable

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

Applicable Not applicable

4. Financial assets investment

(1) Securities investment

Applicable Not applicable

Unit: RMB/CNY

Variety	Code	Short	Initial	Acco	Book	Chan	Cumu	Curre	Curre	Profit	Book	Acco	Capita
---------	------	-------	---------	------	------	------	------	-------	-------	--------	------	------	--------

Category of securities	Code of securities	Form of securities	Investment cost	Measurement model	Value at the beginning of the period	Changes in fair value of the current gains/losses	Relative fair value changes in equity	Net purchase amount	Net sales amount	Gain or loss in the Reporting Period	Value at the end of the period	Measurement subject	Source
Domestic and overseas stocks	000017	Zhonghua-A	0.00	Fair value measurement	1,228,132.36	113,524.84				113,524.84	1,341,657.20	Tradable financial assets	Debt rescheduled shares
Total			0.00	--	1,228,132.36	113,524.84	0.00	0.00	0.00	113,524.84	1,341,657.20	--	--

(2) Derivative investment

Applicable Not applicable

The Company has no derivatives investment in the Period

VII. Sales of major assets and equity

1. Sales of major assets

Applicable Not applicable

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

2. Sales of major equity

Applicable Not applicable

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

Applicable Not applicable

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

Unit: RMB/CNY

Company name	Type	Main business	Register capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Shenzhen Cereals	Subsidiary	Grain & oil trading,	1,530,000,000	8,096,250,213.12	4,235,126,779.47	2,629,163,045.89	150,627,236.74	129,272,869.33

Group Co., Ltd		processing, grain and oil reserve service						
Shenzhen Hualian Grain and Oil Trading Co., Ltd.	Subsidiary	Grain & oil trading	100,000,000	1,175,224,279.20	308,665,615.58	793,629,268.32	32,982,657.72	32,673,245.69

Particular about subsidiaries obtained or disposed in reporting period

☒ Applicable ☐ Not applicable

Explanation on main holding/stock-jointly enterprise:

Shenzhen Cereals Group Co., Ltd: Business scope: general business items: grain and oil purchase and sales, grain and oil storage; grain and oil and products management and processing (operated by branches); operation and processing of feed (operated by outsourcing); investment in grain and oil, feed logistics projects; establishing grain and oil and feed trading market (including e-commerce market) (market license is also available); storage (operated by branches); development, operation and management of free property; providing management services for hotels; investing and setting up industries (specific projects are separately declared); domestic trade; engaging in import and export business; E-commerce and information construction; and grain circulation service. Licensed business items: the following projects shall be operated only with the relevant examination and approval documents if they are involved in obtaining approval: information services (internet information service only); general freight, professional transport (refrigerated preservation). Register capital is 1,530,000,000.00 yuan. As of the end of current period, total assets reached 8,096,250,213.12 yuan, and net assets amounted to 4,235,126,779.47 yuan; in the reporting period, the operation revenue, net profit and the net profit attributable to shareholder of parent company were 2,629,163,045.89 yuan, 129,272,869.33 yuan and 126,649,819.18 yuan respectively.

Shenzhen Hualian Grain and Oil Trading Co., Ltd.: Business scope: general business items: domestic trade (except for projects that laws, administrative regulations, and decisions of the State Council require approval before registration); engaging in import and export business (except for projects prohibited by laws, administrative regulations, and decision of the State Council, restricted projects can be operated only after obtaining permission); online feed sales; information consultation, self-owned housing leasing (excluding talent agency services and other restricted items); international freight forwarding, domestic freight forwarding (can only be operated after being approved by the transport department if laws, administrative regulations, State Council decision require the approval of transport department); Licensed business items: following items shall be operated only with the relevant examination and approval documents if they are involved in obtaining approval: purchase and sale of grain and oil, online sales of grain and oil; information service business (internet information service business only). Register capital is 100,000,000.00 yuan. As of the end of current period, total assets

reached 1,175,224,279.20 yuan, and net assets amounted to 308,665,615.58 yuan; in the reporting period, the operation revenue, net profit and net profit attributable to shareholder of parent company were 793,629,268.32 yuan, 32,673,245.69 yuan and 32,579,407.25 yuan respectively.

IX. Structured vehicle controlled by the Company

Applicable Not applicable

X. Risks faced by the company and corresponding measures

1. Price fluctuation risk of grain and oil purchase and sale

The Federal Reserve continued to raise interest rates, the Russia-Ukraine war, extreme weather and other uncertain external factors resulted in significant price fluctuation in domestic and foreign grain and oil purchase and sale. On the other hand, some countries have controlled the export of agricultural products, which had a direct impact on the supply of bulk agricultural and sideline products, and also exacerbated the price fluctuation of grain and oil.

The Company will actively respond to the risk of price fluctuation that may have adverse impact on the company's operations by strengthening market forecasting, establishing strategic cooperation, optimizing supply management, refining management and improving utilization rate.

2. Food safety risk

“Quality safety” is the lifeline of the sustainable enterprise development, and food safety is a red line that cannot be crossed. Regulatory authorities issued a series of top-down regulations and systems for food safety hazards, corporate subject responsibility, production management compliance, quality safety inspection and risk monitoring and control, aiming to implement the “four strictest” requirements for food safety management.

Based on the diversified development of current product varieties and business models, the company issued the Food Quality Safety Management Measures of SZCG, which covers grain and oil and other food varieties and their key business links to match the existing business model and the quality management of diversified products. As the superior system of the food safety management of the company, the system fills the institutional gaps, clarifies the responsibilities of key positions, strengthens the supervision of key links, refines and standardizes the daily food quality and safety management from five aspects, on-site inspection list, enterprise self-inspection

reporting, training and drilling records, and product information ledgers, so as to ensure that food products comply with quality standards, hygiene standards and relevant regulations.

3. Merger and integration risk

The company carries out investment and merger projects according to the development strategy. Whether the merged project can form synergy effect with the original business, and whether the corporate culture and management mode can be effectively integrated in the critical period of team integration will be the key to the realization of the merger objective. If the management and control is not implemented in place, the merger and acquisition risk may occur.

The company will take the following measures to prevent risks: first, continue to pay attention to the operation of the merged enterprise and the compatibility with the company's development strategy, and make corrections in time; second, pay attention to the synergy effect between the merged enterprise and the existing industry of the company, and coordinate the allocation of resources in time; third, gradually realize the integration of system and culture; fourth, increase the performance improvement and innovation incentive and assessment on the merged enterprise, and constantly adjust the incentive policy to adapt to the operation.

4. Increasing market competition

As a representative enterprise in regional grain, oil and food business, the company still has a certain gap in scale and brand awareness compared with central enterprises and large multinational grain, oil and food enterprises. In the future, the competition in the grain, oil and food industry will become increasingly fierce. If the company fails to effectively promote its own brand and expand marketing channels, it may face greater risks in an intensified market competition.

In view of the possible market and business risks: on the one hand, the company will make overall planning for the procurement of the year, and carefully optimize the procurement channels to ensure adequate food supply and orderly supply; on the other hand, the company will continue to strengthen the communication with upstream and downstream customers in the industrial chain, vigorously expand marketing channels, focus on customer needs, cultivate brand and services, and enhance the brand value and competitive power.

Section IV Corporate Governance

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

1. Annual shareholders' general meeting during the reporting period

Ordinal number of meeting	Type	Ratio of investor participation	Date	Date of disclosure	Resolutions
Annual General Meeting of 2022	AGM	72.13%	2023-05-17	2023-05-18	Resolutions of the Annual General Meeting of 2022 (Notice No. 2023-11) disclosed on CNINFO website(www.cninfo.com.cn) on May 18, 2023

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

Applicable Not applicable

II. Changes in directors, supervisors and senior officers of the company

Applicable Not applicable

There were no changes in the directors, supervisors, and senior management of the company during the reporting period, as detailed in the 2022 annual report.

III. Profit distribution plan and transfer of capital reserve into share capital

Applicable Not applicable

There are no cash dividend, bonus and capitalizing of common reserves carried out in the semi-annual.

IV. Implementation of the company's stock incentive scheme, employee stock ownership plan or other employee incentives

Applicable Not applicable

There are no equity incentive plans, employee stock ownership plans, or other employee incentive measures and their implementation during the reporting period of the company.

Section V. Environmental and Social Responsibility

I. Major environmental issues

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

Yes No

Administrative punishment for environmental problems during the reporting period

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

Other environmental information disclosed by reference to key pollutant discharge entities

Not applicable

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

Applicable Not applicable

- In the first half of 2023, SZCH selected and engaged an energy management partner through public bidding to be responsible for the roof photovoltaic power generation in the park properties of SZCH and its subsidiaries. The project cooperation adopts the "energy management" mode, and the winning bidder is responsible for the design, construction and operation of photovoltaic power generation equipment in the park of SZCH with 100% investment. The first batch of construction projects are expected to be completed by the end of 2023. After completion, the average annual power generation capacity will be about 6.22 million KWH, and the carbon reduction will reach 2058.0 tons/year.
- Shenzhen Flour promotes the use of lithium battery. Compared with the original "2.5 tons fuel forklift", the current "Linde lithium battery 3 tons forklift" can reduce carbon dioxide emissions by 21.0 kg per day, and reduce carbon emissions of 7.7 tons/year.

Reasons for not disclosing other environmental information

Not applicable

II. Social responsibility

The company adheres to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, thoroughly implemented the spirit of the 20th National Congress of the CPC, carried out the deployment requirements of the provincial Party committee, provincial government, municipal Party committee and municipal government on carrying out the rural revitalization and township and village support and the "high-quality development project of hundreds of counties and towns and villages", cooperates with the units of aid, continued to consolidate and expand the achievements of poverty alleviation in the regions of aid, and makes solid progress in rural revitalization. First, researched and deployed the work throughout the year. General Manager Hu Xianghai led a team to attend the joint meeting of the units of aid in Tuocheng Town, investigated and discussed the annual rural revitalization and work of aid, and assisted Shengli Village to complete the upgrading of the Party and mass service center. Second, do a good job in improving people's lives. The company visited and consoled more than 50 households for dynamic monitoring of poverty prevention and poverty alleviation, and carried out solid monitoring of poverty return and targeted assistance work. Through the Rural Revitalization Public Welfare Fund, the task force has raised a total of 240,000 yuan to finance the enrollment of students in difficulty in Tuocheng Town and help disabled youth obtain medical assistance. Students in difficulty were sponsored 44 times and sanitation workers were consoled 66 times on the "May Day". Third, focused on the "hundred, million and ten million project" to

help five cooperative projects in Tencent Foundation's "Agricultural Revival Plan" to land in Tuocheng Town and boost the development of the characteristic agricultural industry of Tuocheng Town. Fourth, innovated the model of aid to promote industrial revitalization. The company gave full play to the resource advantages of SZCH, and carries out industrial and consumption support in the mode of "taking out and inviting in". Zhenpin helps six business entities in Longchuan County to apply for "Zhenpin". Shenzhen Flour helps organize cooperatives, farmers and households lifted out of poverty to set up breeding alliances to promote the development of free range chicken industry in Tuocheng Town. Shenbao Investment company cooperated with the units of aid to create consumer products of aid and boost the sales of products of aid to 200,000 yuan.

Section VI. Important Events

I. Undertakings that the actual controller, shareholders, related party, buyers and the Company have fulfilled during the reporting period and have not yet fulfilled by the end of reporting period

Applicable Not applicable

No undertakings that the actual controller, shareholders, related party, buyers and the Company have fulfilled during the reporting period and have not yet fulfilled by the end of the period

II. Occupation of the non-operational funds of the listed company by controlling shareholders and its related party

Applicable Not applicable

No non-operational funds of the listed company have been occupied by the controlling shareholders and its related party in period.

III. External guarantee out of the regulations

Applicable Not applicable

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

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

Has the semi-annual financial statements been audited?

Applicable Not applicable

The semi-annual report of the company hasn't been audited.

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

Applicable Not applicable

VI. Explanation from Board of Directors for “Qualified Opinion” that issued by CPA for last period

Applicable Not applicable

VII. Bankruptcy reorganization

Applicable Not applicable

No bankruptcy reorganization for the Company in reporting period

VIII. Litigation and arbitration

Major litigation and arbitration

Applicable Not applicable

There were no major litigation and arbitration in the reporting period.

Other litigation and arbitration

Applicable Not applicable

Lawsuits (arbitration)	Amount involved (in 10 thousand yuan)	Resulting in an accrual liability (Y/N)	Progress	Trial result and influence	Execution of judgment	Disclosure date	Disclosure index
As of June 30, 2023, other lawsuits that did not meet the disclosure standards for significant lawsuits mainly included the following: disputes over purchase and sales contract, dispute over loan contract, disputes over construction contracts, Disputes over company separation contracts, housing lease contracts, etc.	13,828.65	Yes, the single loan contract dispute from subordinate enterprise of the Company is expected to form an accrual liability of 3.50 million yuan approximately. Other lawsuit-related cases are relatively small in individual amount, and will not have a significant impact on the Company when analyzed in conjunction with the progress of these cases.	The Company actively makes use of the advantageous resources of internal legal affairs and external laws firm to follow up and deal with the lawsuit-related cases. At present, the Company is responding to and dealing with the cases effectively in accordance with relevant laws and regulations	After comprehensive analysis, the result of the cases involved in the lawsuits will not have a significant impact on the Company	It is actively advancing	Not applicable	Not applicable

IX. Penalty and rectification

Applicable Not applicable

X. Integrity of the Company, its controlling shareholders and actual controllers

Applicable Not applicable

XI. Major related party transaction

1. Related party transaction involved with daily operation

Applicable Not applicable

There were no related party transactions involved with daily operation.

2. Related party transactions of assets or acquisition and sold

Applicable Not applicable

No related party transactions of assets or equity acquisition and sold occurred during the reporting period

3. Related party transactions of mutual investment outside

Applicable Not applicable

No related party transactions of mutual investment outside occurred during the reporting period.

4. Contact of related party credit and debt

Applicable Not applicable

There were no contact of related party credit and debt in the reporting period.

5. Contact with the related finance companies

Applicable Not applicable

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

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

Applicable Not applicable

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

7. Other material related party transactions

Applicable Not applicable

There were no other material related party transactions in the reporting period.

XII. Significant contract and implementations

1. Trusteeship, contract and leasing

(1) Trusteeship

Applicable Not applicable

No trusteeship occurred during the reporting period

(2) Contracting

Applicable Not applicable

No contract occurred during the reporting period

(3) Leasing

Applicable Not applicable

No leasing occurred during the reporting period

2. Material guarantees

Applicable Not applicable

The company had no material guarantees in the reporting period.

3. Trusted cash asset management

Applicable Not applicable

In ten thousand yuan

Type	Capital sources	Amount occurred	Outstanding balance	Overdue amount	Amount with impairment accrual for the overdue financial products which has not been recovered
Financing products of banks	Own funds	45,500	22,500	0	0
Total		45,500	22,500	0	0

Details of the single major amount, or high-risk trust investment with low security, or poor liquidity

Applicable Not applicable

It is expected that the principal of entrusted financial management fails to recover or there are other situations leading to impairment in entrusted financial management

Applicable Not applicable

4. Other significant contract

Applicable Not applicable

The company had no other significant contract in the reporting period.

XIII. Explanation on other material matters

Applicable Not applicable

The company has no explanation on other material matters.

XIV. Material matters of subsidiary of the Company

Applicable Not applicable

1. On April 24, 2023, the company held the 27th meeting of its 10th session of BOD, deliberated and approved the Proposal on the Investment of Dongguan Logistics in the Construction of Berth 3. It was agreed that Dongguan Logistics, a wholly-owned subsidiary of the company, would invest in the construction of the expansion project of the deep grain storage supporting terminal in the Xinshanan Operation Area of Machong Port Area, Dongguan Port (Berth 3). One 20,000 ton grain berth will be built, with total investment of 175 million yuan. For details, please refer to the “Announcement on the Resolutions of the 27th Meeting of the 10th Board of Directors of the Company” and the “Announcement on the Investment and Construction of Berth 3 by Dongguan Logistics” published on the CNINFO website (www.cninfo.com.cn) on April 26, 2023.

Section VII. Changes in Shares and Particulars about Shareholders

I. Changes in Shares

1. Changes in shares

Unit: Share

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

Reasons for changes in share

Applicable Not applicable

Approval of changes in share

Applicable Not applicable

Ownership transfer of changes in share

Applicable Not applicable

Progress of the implementation of repurchase share

Applicable Not applicable

Progress of the implementation of reducing buyback shares by means of centralized bidding

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

2. Changes in restricted shares

Applicable Not applicable

II. Securities issuance and listing

Applicable Not applicable

III. Particulars about shareholders and actual controller of the Company

1. Number of shareholders and particulars about shares holding

Unit: Share

In Share

Total common stock shareholders in reporting period-end	49,201			Total preference shareholders with voting rights recovered at end of last month before annual report disclosed (if applicable)(refer to Note 8)	0			
Particulars about shares held above 5% by shareholders or top ten shareholders								
Full name of Shareholders	Nature of shareholder	Proportion of shares held	Total of common shares held at the end of reporting period	Changes in reporting period	Number of restricted shares held	Amount of unrestricted shares held	Information of shares pledged, tagged or frozen	
							State of share	Amount
Shenzhen Food Materials Group Co., Ltd	State-owned legal person	63.79%	735,237,253	0	669,184,735	66,052,518		
Shenzhen Agricultural Products Group Co., Ltd	State-owned legal person	8.23%	94,832,294	0	15,384,832	79,447,462		
Dongguan Fruit, Vegetable, and Non- staple Food Trading Market Co., Ltd	Domestic non-state-owned legal	0.75%	8,698,216	0				

	person							
Lin Junbo	Domestic nature person	0.47%	5,390,000	687,200				
Deng Lijun	Domestic nature person	0.40%	4,643,670	875,200				
Sun Huiming	Domestic nature person	0.29%	3,366,662	-33,300				
Zhong Zhenxin	Domestic nature person	0.29%	3,295,500	0				
Chen Jiuyang	Domestic nature person	0.26%	2,979,770	218,700				
Wang Guanghua	Domestic nature person	0.24%	2,732,099	2,732,099				
Hong Kong Securities Clearing Company	Foreign legal person	0.20%	2,361,867	-2,319,229				
Strategy investor or general legal person becoming the top 10 shareholders by placing new shares (if applicable) (refer to Note 3)	N/A							
Explanation on associated relationship concerted action among the aforesaid shareholders	Shenzhen SASAC directly holds 100% equity of Shenzhen Food Materials Group Co., Ltd., and holds 34% equity of Shenzhen Agricultural Products Group Co., Ltd. indirectly through Shenzhen Food Materials Group Co., Ltd.; the Company was not aware of any related relationship between other shareholders above, and whether they are parties acting in concert as defined by the Acquisition Management Method of Listed Company.							
Description of the above shareholders in relation to delegate/entrusted voting rights and abstention from voting rights.	N/A							
Special note on the repurchase account among the top 10 shareholders (if applicable) (refer to note 11)	N/A							
Particular about top ten shareholders with unrestricted shares held								
Shareholders' name	Amount of unrestricted shares held at Period-end	Shares held						
		Type	Amount					
Shenzhen Agricultural Products Group Co., Ltd	79,447,462	RMB common shares	79,447,462					
Shenzhen Food Materials Group Co., Ltd	66,052,518	RMB common shares	66,052,518					
Dongguan Fruit, Vegetable, and Non- staple Food Trading Market Co., Ltd	8,698,216	RMB common shares	8,698,216					
Lin Junbo	5,390,000	RMB common shares	5,390,000					
Deng Lijun	4,643,670	RMB common shares	4,643,670					
Sun Huiming	3,366,662	Domestically listed foreign	3,366,662					

		shares	
Zhong Zhenxin	3,295,500	RMB common shares	3,295,500
Chen Jiuyang	2,979,770	Domestically listed foreign shares	2,979,770
Wang Guanghua	2,732,099	RMB common shares	2,732,099
Hong Kong Securities Clearing Company	2,361,867	RMB common shares	2,361,867
Explanation on associated relationship or consistent actors within the top 10 restricted shareholders and between top 10 unrestricted shareholders and top 10 shareholders	Shenzhen SASAC directly holds 100% equity of Shenzhen Food Materials Group Co., Ltd., and holds 34% of Shenzhen Agricultural Products Group Co., Ltd. indirectly through Shenzhen Food Materials Group Co., Ltd.; the Company was not aware of any related relationship between other shareholders above, and whether they are parties acting in concert as defined by the Acquisition Management Method of Listed Company.		
Explanation on top 10 shareholders involving margin business (if applicable) (refer to Note 4)	At the end of reporting period, Lin Junbo, a shareholder of the company, held 3,390,000 shares of the Company under customer credit trading secured securities account through China Merchants Securities Co., Ltd., and held 2,000,000 shares of the company under common account, totally holding 5,390,000 shares of the Company. During the reporting period, shares held by Lin Junbo under the credit trading secured securities account rose by 104,300 shares, shares held by him under common account rose by 582,900 shares, and shares held by Lin Junbo rose by 687,200 shares.		

Did top ten common shareholders or top ten unrestricted shareholders have agreed repurchase dealing in reporting period ?

Yes No

The top ten common shareholders or top ten unrestricted shareholders didn't have agreed repurchase dealing in reporting period.

IV.Changes in shareholding of directors, supervisors, and senior management

Applicable Not applicable

There are no changes in shareholding of directors, supervisors, and senior management in the reporting period. Refer to 2022 annual report for details.

V. Changes of controlling shareholders or actual controller in reporting period

Changes of controlling shareholders in reporting period

Applicable Not applicable

The Company had no changes of controlling shareholders in reporting period. Following the reporting period, the controlling shareholder of the company will be renamed from “Shenzhen Food Materials Group Co., Ltd” to “Shenzhen Agriculture and Food Investment Holding Group Co., Ltd.”

Changes of actual controller in the reporting period

Applicable Not applicable

The Company had no changes of actual controller in the reporting period.

Section VIII. Preferred Stock

Applicable Not applicable

The Company had no preferred stock in the Period.

Section IX. Corporate Bonds

Applicable Not applicable

Section X. Financial Report

I. Audit Report

Whether the semi-annual report is audited

Yes No

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

II. Financial Statement

Statement in Financial Notes are carried in RMB/CNY

1. Consolidated balance sheet

Prepared by SHENZHEN CEREALS HOLDINGS CO., LTD.

June 30, 2023

Unit: RMB/CNY

Item	June 30, 2023	January 1, 2023
Current assets:		
Monetary funds	101,707,439.66	54,103,771.00
Settlement provisions		
Capital lent		
Tradable financial assets	226,830,484.23	46,676,652.91
Derivative financial assets		
Note receivable	177,052.00	270,109.00
Account receivable	172,193,021.29	236,829,100.95
Receivable financing		
Accounts paid in advance	32,599,077.76	65,487,390.88
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Other account receivable	42,351,756.38	32,910,189.14
Including: Interest receivable		
Dividend receivable		
Buying back the sale of financial		

assets		
Inventories	3,622,303,471.44	3,599,041,970.52
Contract assets		
Assets held for sale		
Non-current asset due within one year		
Other current assets	45,716,262.80	32,597,421.26
Total current assets	4,243,878,565.56	4,067,916,605.66
Non-current assets:		
Loans and payments on behalf		
Debt investment		
Other debt investment		
Long-term account receivable		
Long-term equity investment	69,971,070.54	70,676,534.63
Investment in other equity instrument		
Other non-current financial assets	57,500.00	57,500.00
Investment real estate	209,337,679.80	217,137,461.76
Fixed assets	2,098,755,391.85	2,141,336,538.86
Construction in progress	232,409,940.90	186,884,912.13
Productive biological asset	363,463.20	368,309.40
Oil and gas asset		
Right-of-use assets	67,604,978.54	78,304,838.28
Intangible assets	573,791,747.60	594,428,051.55
Expense on research and development	463,886.83	
Goodwill	1,953,790.56	1,953,790.56
Long-term expenses to be apportioned	32,319,347.89	33,076,249.90
Deferred income tax asset	40,206,899.02	40,240,466.35
Other non-current asset	8,165,347.21	8,953,415.90
Total non-current asset	3,335,401,043.94	3,373,418,069.32
Total assets	7,579,279,609.50	7,441,334,674.98
Current liabilities:		

Short-term loans	1,722,765,009.74	1,192,211,087.37
Loan from central bank		
Capital borrowed		
Tradable financial liability		288,486.18
Derivative financial liability		
Note payable		
Account payable	310,410,532.14	390,149,018.13
Accounts received in advance	1,047,894.08	1,355,802.01
Contract liability	83,528,485.53	110,177,908.96
Selling financial asset of repurchase		
Absorbing deposit and interbank deposit		
Security trading of agency		
Security sales of agency		
Wage payable	225,994,654.82	339,234,506.43
Taxes payable	41,959,573.95	70,739,384.81
Other account payable	279,848,547.31	299,793,948.48
Including: Interest payable		
Dividend payable	2,933,690.04	2,933,690.04
handle fee and commission payable		
Reinsurance payable		
Liability held for sale		
Non-current liabilities due within one year	12,423,019.72	21,770,690.45
Other current liabilities	798,459.45	1,112,119.07
Total current liabilities	2,678,776,176.74	2,426,832,951.89
Non-current liabilities:		
Insurance contract reserve		
Long-term loans		
Bonds payable		
Including: Preferred stock		
Perpetual capital securities		

Lease liability	58,167,435.71	60,436,879.66
Long-term account payable	17,843,224.46	17,620,572.48
Long-term wages payable		
Accrual liability	3,500,000.00	3,500,000.00
Deferred income	95,171,763.08	87,077,137.27
Deferred income tax liabilities	13,175,090.14	13,381,949.47
Other non-current liabilities		
Total non-current liabilities	187,857,513.39	182,016,538.88
Total liabilities	2,866,633,690.13	2,608,849,490.77
Owner's equity:		
Share capital	1,152,535,254.00	1,152,535,254.00
Other equity instrument		
Including: Preferred stock		
Perpetual capital securities		
Capital public reserve	1,259,639,656.65	1,259,639,656.65
Less: Inventory shares		
Other comprehensive income		
Reasonable reserve	393,224.51	220,301.70
Surplus public reserve	439,624,164.67	439,624,164.67
Provision of general risk		
Retained profit	1,790,970,039.60	1,910,954,084.79
Total owner's equity attributable to parent company	4,643,162,339.43	4,762,973,461.81
Minority interests	69,483,579.94	69,511,722.40
Total owner's equity	4,712,645,919.37	4,832,485,184.21
Total liabilities and owner's equity	7,579,279,609.50	7,441,334,674.98

Legal Representative: Hu Xianghai

Person in charge of accounting works: Lu Yuhe

Person in charge of accounting institute: Wen Jieyu

2. Balance sheet of parent company

Unit: RMB/CNY

Item	June 30, 2023	January 1, 2023
Current assets:		
Monetary funds	2,381,016.02	961,310.17
Tradable financial assets	41,292,963.68	46,676,652.91
Derivative financial assets		
Note receivable		
Account receivable	46,236,864.83	87,194,178.84
Receivable financing		
Accounts paid in advance		687,515.40
Other account receivable	1,637,542,361.56	1,560,888,393.94
Including: Interest receivable		
Dividend receivable		
Inventories		
Contract assets		
Assets held for sale		
Non-current assets maturing within one year		
Other current assets	106,372.57	274,196.00
Total current assets	1,727,559,578.66	1,696,682,247.26
Non-current assets:		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term equity investments	4,033,819,425.09	4,033,819,425.09
Investment in other equity instrument		
Other non-current financial assets		
Investment real estate	15,807,528.34	16,043,323.48
Fixed assets	32,946,922.69	33,752,718.66
Construction in progress		
Productive biological assets	363,463.20	368,309.40
Oil and natural gas assets		
Right-of-use assets		

Intangible assets	17,546,142.60	17,032,428.19
Research and development costs		
Goodwill		
Long-term deferred expenses	2,701,449.17	3,097,280.23
Deferred income tax assets		
Other non-current assets	7,512,443.78	8,700,512.47
Total non-current assets	4,110,697,374.87	4,112,813,997.52
Total assets	5,838,256,953.53	5,809,496,244.78
Current liabilities:		
Short-term borrowings	30,019,166.67	100,073,055.56
Tradable financial liability		
Derivative financial liability		
Notes payable		
Account payable		
Accounts received in advance		
Contract liability		
Wage payable	27,210,014.67	27,465,081.26
Taxes payable	4,389,575.75	2,993,808.49
Other accounts payable	1,370,026,183.10	1,024,148,905.29
Including: Interest payable		
Dividend payable	2,933,690.04	2,933,690.04
Liability held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	1,431,644,940.19	1,154,680,850.60
Non-current liabilities:		
Long-term loans		
Bonds payable		
Including: Preferred stock		
Perpetual capital securities		
Lease liability		
Long-term account payable		
Long term employee		

compensation payable		
Accrued liabilities	3,500,000.00	3,500,000.00
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	3,500,000.00	3,500,000.00
Total liabilities	1,435,144,940.19	1,158,180,850.60
Owners' equity:		
Share capital	1,152,535,254.00	1,152,535,254.00
Other equity instrument		
Including: Preferred stock		
Perpetual capital securities		
Capital public reserve	3,018,106,568.27	3,018,106,568.27
Less: Inventory shares		
Other comprehensive income		
Special reserve		
Surplus reserve	167,219,736.53	167,219,736.53
Retained profit	65,250,454.54	313,453,835.38
Total owner's equity	4,403,112,013.34	4,651,315,394.18
Total liabilities and owner's equity	5,838,256,953.53	5,809,496,244.78

3. Consolidated profit statement

Unit: RMB/CNY

Item	2023 semi-annual	2022 semi-annual
I. Total operating income	2,831,996,801.82	4,338,044,528.35
Including: Operating income	2,831,996,801.82	4,338,044,528.35
Interest income		
Insurance gained		
handle fee and commission income		
II. Total operating cost	2,582,248,916.32	4,027,985,541.37
Including: Operating cost	2,357,438,707.57	3,775,825,625.81
Interest expense		
handle fee and		

commission expense		
Cash surrender value		
Net amount of expense of compensation		
Net amount of withdrawal of insurance contract reserve		
Bonus expense of guarantee slip		
Reinsurance expense		
Taxes and surcharge	8,831,089.05	9,050,485.91
Sales expense	81,081,244.08	79,331,081.69
Administrative expense	104,657,015.04	125,631,541.74
R&D expense	9,432,745.24	10,137,177.77
Financial expense	20,808,115.34	28,009,628.45
Including: Interest expenses	20,495,411.83	27,256,521.87
Interest income	315,939.31	1,233,894.54
Add: Other income	5,788,072.14	8,030,243.98
Investment income (Loss is listed with “-”)	2,402,184.67	3,038,365.75
Including: Investment income on affiliated company and joint venture	-705,464.09	-535,079.99
The termination of income recognition for financial assets measured by amortized cost		
Exchange income (Loss is listed with “-”)		
Net exposure hedging income (Loss is listed with “-”)		
Income from change of fair value (Loss is listed with “-”)	174,961.34	221,889.46
Loss of credit impairment (Loss is listed with “-”)	670,247.23	245,856.01
Losses of devaluation of asset (Loss is listed with “-”)	-46,633,952.80	-81,499,450.86
Income from assets disposal	1,587,775.37	

(Loss is listed with “-”)		
III. Operating profit (Loss is listed with “-”)	213,737,173.45	240,095,891.32
Add: Non-operating income	338,644.53	1,133,017.31
Less: Non-operating expense	195,216.49	67,133.97
IV. Total profit (Loss is listed with “-”)	213,880,601.49	241,161,774.66
Less: Income tax expense	46,217,947.45	2,958,666.41
V. Net profit (Net loss is listed with “-”)	167,662,654.04	238,203,108.25
(i) Classify by business continuity		
1.continuous operating net profit (net loss listed with ‘-’)	167,662,654.04	238,203,108.25
2.termination of net profit (net loss listed with ‘-’)		
(ii) Classify by ownership		
1.Net profit attributable to owner’s of parent company	168,149,768.31	237,527,782.93
2.Minority shareholders’ gains/losses	-487,114.27	675,325.32
VI. Net after-tax of other comprehensive income		
Net after-tax of other comprehensive income attributable to owners of parent company		
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1.Changes of the defined benefit plans that re-measured		
2.Other comprehensive income under equity method that cannot be transfer to gain/loss		
3.Change of fair value of investment in other equity instrument		
4.Fair value change of enterprise's credit risk		
5. Other		
(ii) Other comprehensive income		

items which will be reclassified subsequently to profit or loss		
1.Other comprehensive income under equity method that can transfer to gain/loss		
2.Change of fair value of other debt investment		
3.Amount of financial assets re-classify to other comprehensive income		
4.Credit impairment provision for other debt investment		
5.Cash flow hedging reserve		
6.Translation differences arising on translation of foreign currency financial statements		
7.Other		
Net after-tax of other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	167,662,654.04	238,203,108.25
Total comprehensive income attributable to owners of parent Company	168,149,768.31	237,527,782.93
Total comprehensive income attributable to minority shareholders	-487,114.27	675,325.32
VIII. Earnings per share:		
(i) Basic earnings per share	0.1459	0.2061
(ii) Diluted earnings per share	0.1459	0.2061

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

Legal Representative: Hu Xianghai

Person in charge of accounting works: Lu Yuhe

Person in charge of accounting institute: Wen Jieyu

4. Profit statement of parent company

Unit: RMB/CNY

Item	2023 semi-annual	2022 semi-annual
I. Operating income	80,465,663.56	94,732,571.88
Less: Operating cost	235,795.14	235,795.14
Taxes and surcharge	226,880.22	239,797.63
Sales expenses		
Administration expenses	31,183,573.58	35,210,060.97
R&D expenses		
Financial expenses	-14,476,713.20	-249,289.38
Including: Interest expenses	1,153,273.64	1,215,509.60
Interest income	15,881,657.87	1,385,168.73
Add: Other income	382,620.07	216,639.79
Investment income (Loss is listed with "-")	975,629.57	2,279,175.50
Including: Investment income on affiliated Company and joint venture		
The termination of income recognition for financial assets measured by amortized cost (Loss is listed with "-")		
Net exposure hedging income (Loss is listed with "-")		
Changing income of fair value (Loss is listed with "-")	-113,524.84	221,889.46
Loss of credit impairment (Loss is listed with "-")		
Losses of devaluation of asset (Loss is listed with "-")		
Income on disposal of assets (Loss is listed with "-")		
II. Operating profit (Loss is listed with "-")	64,540,852.62	62,013,912.27
Add: Non-operating income	5,000.02	5,000.00

Less: Non-operating expense		
III. Total Profit (Loss is listed with “-”)	64,545,852.64	62,018,912.27
Less: Income tax	24,615,419.98	
IV. Net profit (Net loss is listed with “-”)	39,930,432.66	62,018,912.27
(i) continuous operating net profit (net loss listed with “-”)	39,930,432.66	62,018,912.27
(ii) termination of net profit (net loss listed with “-”)		
V. Net after-tax of other comprehensive income		
(i) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1.Changes of the defined benefit plans that re-measured		
2.Other comprehensive income under equity method that cannot be transfer to gain/loss		
3.Change of fair value of investment in other equity instrument		
4.Fair value change of enterprise's credit risk		
5. Other		
(ii) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1.Other comprehensive income under equity method that can transfer to gain/loss		
2.Change of fair value of other debt investment		
3.Amount of financial assets re-classify to other comprehensive income		
4.Credit impairment provision for other debt investment		
5.Cash flow hedging		

reserve		
6.Translation differences arising on translation of foreign currency financial statements		
7.Other		
VI. Total comprehensive income	39,930,432.66	62,018,912.27
VII. Earnings per share:		
(i) Basic earnings per share		
(ii) Diluted earnings per share		

5. Consolidated cash flow statement

Unit: RMB/CNY

Item	2023 semi-annual	2022 semi-annual
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	2,908,830,118.57	4,505,675,220.29
Net increase of customer deposit and interbank deposit		
Net increase of loan from central bank		
Net increase of capital borrowed from other financial institution		
Cash received from original insurance contract fee		
Net cash received from reinsurance business		
Net increase of insured savings and investment		
Cash received from interest, handle fee and commission		
Net increase of capital borrowed		
Net increase of returned business capital		
Net cash received by agents in sale and purchase of securities		

Write-back of tax received	924,811.35	27,412,268.12
Other cash received concerning operating activities	335,627,204.39	969,031,224.09
Subtotal of cash inflow arising from operating activities	3,245,382,134.31	5,502,118,712.50
Cash paid for purchasing commodities and receiving labor service	2,346,304,152.82	3,881,170,164.56
Net increase of customer loans and advances		
Net increase of deposits in central bank and interbank		
Cash paid for original insurance contract compensation		
Net increase of capital lent		
Cash paid for interest, handle fee and commission		
Cash paid for bonus of guarantee slip		
Cash paid to/for staff and workers	238,939,457.87	213,374,966.28
Taxes paid	133,546,738.58	117,336,305.52
Other cash paid concerning operating activities	443,088,432.83	1,029,863,773.28
Subtotal of cash outflow arising from operating activities	3,161,878,782.10	5,241,745,209.64
Net cash flows arising from operating activities	83,503,352.21	260,373,502.86
II. Cash flows arising from investing activities:		
Cash received from recovering investment	719,000,000.00	485,000,000.00
Cash received from investment income	2,840,292.60	2,507,720.69
Net cash received from disposal of fixed, intangible and other long-term assets	2,048,910.70	570.00
Net cash received from disposal		

of subsidiaries and other units		
Other cash received concerning investing activities		154.49
Subtotal of cash inflow from investing activities	723,889,203.30	487,508,445.18
Cash paid for purchasing fixed, intangible and other long-term assets	76,150,532.92	97,877,199.01
Cash paid for investment	899,000,000.00	415,000,000.00
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities	3,784,107.76	928.80
Subtotal of cash outflow from investing activities	978,934,640.68	512,878,127.81
Net cash flows arising from investing activities	-255,045,437.38	-25,369,682.63
III. Cash flows arising from financing activities:		
Cash received from absorbing investment	490,000.00	4,900,000.00
Including: Cash received from absorbing minority shareholders' investment by subsidiaries	490,000.00	4,900,000.00
Cash received from loans	1,418,006,020.58	1,923,171,121.48
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities	1,418,496,020.58	1,928,071,121.48
Cash paid for settling debts	887,417,617.78	1,817,214,190.96
Cash paid for dividend and profit distributing or interest paying	306,311,864.63	314,281,984.10
Including: Dividend and profit of minority shareholder paid by subsidiaries		
Other cash paid concerning financing activities	9,650,074.57	9,528,424.77
Subtotal of cash outflow from	1,203,379,556.98	2,141,024,599.83

financing activities		
Net cash flows arising from financing activities	215,116,463.60	-212,953,478.35
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	3,442,282.05	40,259.74
V. Net increase of cash and cash equivalents	47,016,660.48	22,090,601.62
Add: Balance of cash and cash equivalents at the period -begin	53,095,469.26	49,370,080.20
VI. Balance of cash and cash equivalents at the period -end	100,112,129.74	71,460,681.82

6. Cash flow statement of parent company

Unit: RMB/CNY

Item	2023 semi-annual	2022 semi-annual
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	408,104,768.00	456,611,209.00
Write-back of tax received	193,577.27	127,947.08
Other cash received concerning operating activities	1,220,117,754.90	1,390,207,872.37
Subtotal of cash inflow arising from operating activities	1,628,416,100.17	1,846,947,028.45
Cash paid for purchasing commodities and receiving labor service		
Cash paid to/for staff and workers	30,688,663.89	31,404,815.06
Taxes paid	27,682,272.82	2,411,446.34
Other cash paid concerning operating activities	1,162,985,810.35	1,384,817,990.79
Subtotal of cash outflow arising from operating activities	1,221,356,747.06	1,418,634,252.19
Net cash flows arising from operating activities	407,059,353.11	428,312,776.26

II. Cash flows arising from investing activities:		
Cash received from recovering investment	279,000,000.00	255,000,000.00
Cash received from investment income	1,245,793.96	1,359,602.96
Net cash received from disposal of fixed, intangible and other long-term assets		
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	382,533.35	
Subtotal of cash inflow from investing activities	280,628,327.31	256,359,602.96
Cash paid for purchasing fixed, intangible and other long-term assets	5,580,933.36	4,135,551.25
Cash paid for investment	274,000,000.00	145,000,000.00
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities	47,100,000.00	216,912,975.11
Subtotal of cash outflow from investing activities	326,680,933.36	366,048,526.36
Net cash flows arising from investing activities	-46,052,606.05	-109,688,923.40
III. Cash flows arising from financing activities:		
Cash received from absorbing investment		
Cash received from loans		342,127,475.10
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities		342,127,475.10
Cash paid for settling debts	70,000,000.00	370,299,684.12
Cash paid for dividend and profit distributing or interest paying	289,587,041.21	289,268,397.83

Other cash paid concerning financing activities		
Subtotal of cash outflow from financing activities	359,587,041.21	659,568,081.95
Net cash flows arising from financing activities	-359,587,041.21	-317,440,606.85
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate		-1,697.17
V. Net increase of cash and cash equivalents	1,419,705.85	1,181,548.84
Add: Beginning balance of cash and cash equivalents	961,310.17	2,264,388.89
VI. Ending balance of cash and cash equivalents	2,381,016.02	3,445,937.73

7. Consolidated statement of changes in owners' equity

Current period

Unit: RMB/CNY

Item	2023 semi-annual														Minority interests	Total owners' equity
	Owners' equity attributable to the parent Company															
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Provision of general risk	Retained profit	Other	Subtotal			
I. Balance at the end of the last year	1,152,535,254.00	0.00	0.00	0.00	1,259,639,656.65	0.00	0.00	220,301.70	439,624,164.67	0.00	1,910,954,084.79	0.00	4,762,973,461.81	69,511,722.40	4,832,485,184.21	
Add: Changes of accounting policy																
Error correction of the last period																

Enterprise combine under the same control															
Other															
II. Balance at the beginning of this year	1,152,535,254.00	0.00	0.00	0.00	1,259,639,656.65	0.00	0.00	220,301.70	439,624,164.67	0.00	1,910,954,084.79	0.00	4,762,973,461.81	69,511,722.40	4,832,485,184.21
III. Increase/Decrease in reporting period (Decrease is listed with "-.")	0.00							172,922.81			-119,984,045.19		-119,811,122.38	-28,142.46	-119,839,264.84
(i) Total comprehensive income											168,149,768.31		168,149,768.31	-487,114.27	167,662,654.04
(ii) Owners' devoted and decreased capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		490,000.00	490,000.00
1. Common shares invested by shareholders														490,000.00	490,000.00
2. Capital invested by holders of other equity instruments															
3. Amount reckoned into owners equity with share-based payment															
4. Other															
(III) Profit distribution	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-288,133,813.50	0.00	-288,133,813.50	-31,028.19	-288,164,841.69
1. Withdrawal of surplus reserves															
2. Withdrawal of general risk provisions															
3. Distribution for owners (or shareholders)											-288,133,813.50		-288,133,813.50	-31,028.19	-288,164,841.69
4. Other															
(IV) Carrying forward internal owners' equity															
1. Capital reserves converted to capital (share capital)															
2. Surplus reserves converted to capital (share capital)															

3. Remedying loss with surplus reserve															
4. Carry-over retained earnings from the defined benefit plans															
5. Carry-over retained earnings from other comprehensive income															
6. Other															
(V) Reasonable reserve								172,922.81					172,922.81		172,922.81
1. Withdrawal in the reporting period								880,675.98					880,675.98		880,675.98
2. Usage in the reporting period								707,753.17					707,753.17		707,753.17
(VI)Others															
IV. Balance at the end of the reporting period	1,152,535,254.00	0.00	0.00	0.00	1,259,639,656.65	0.00	0.00	393,224.51	439,624,164.67	0.00	1,790,970,039.60	0.00	4,643,162,339.43	69,483,579.94	4,712,645,919.37

Last period

Unit: RMB/CNY

Item	2022 semi-annual														Minority interests	Total owners' equity
	Owners' equity attributable to the parent Company															
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Provision of general risk	Retained profit	Other	Subtotal			
		Preferred stock	Perpetual capital securities	Other												
I. Balance at the end of the last year	1,152,535,254.00			1,259,639,656.65				405,575,490.42		1,812,541,701.27		4,630,292,102.34	66,614,164.37	4,696,906,266.71		

	4.0 0												
Add: Changes of accounting policy													
Error correction of the last period													
Enterprise combine under the same control													
Other													
II. Balance at the beginning of this year	1,152,535,254.00			1,259,639,656.65				405,575,490.42		1,812,541,701.27		4,630,292,102.34	66,614,164,371.26
III. Increase/Decrease in reporting period (Decrease is listed with "-")										-50,606,030.57		-50,606,030.57	5,575,325.32
(i) Total comprehensive income										237,527,782.93		237,527,782.93	675,325.32
(ii) Owners' devoted and decreased capital													4,900,000.00
1. Common shares invested by shareholders													4,900,000.00
2. Capital invested by holders of other equity instruments													
3. Amount reckoned into owners equity with share-based payment													
4. Other													
(III) Profit distribution										-288,133,813.50		-288,133,813.50	-288,133,813.50
1. Withdrawal of surplus reserves													
2. Withdrawal of general risk provisions													
3. Distribution										-288,133,813.50		-288,133,813.50	-288,133,813.50

		red stock	etual capit al secur ities	r	e	shares	incom e					
I. Balance at the end of the last year	1,152,535,254.00	0.00	0.00	0.00	3,018,106,568.27	0.00	0.00	0.00	167,219,736.53	313,453,835.38	0.00	4,651,315,394.18
Add: Changes of accounting policy												
Error correction of the last period												
Other												
II. Balance at the beginning of this year	1,152,535,254.00	0.00	0.00	0.00	3,018,106,568.27	0.00	0.00	0.00	167,219,736.53	313,453,835.38	0.00	4,651,315,394.18
III. Increase/Decrease in reporting period (Decrease is listed with “-”)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-248,203,380.84		-248,203,380.84
(i) Total comprehensive income										39,930,432.66		39,930,432.66
(ii) Owners’ devoted and decreased capital												
1.Common shares invested by shareholders												
2. Capital invested by holders of other equity instruments												
3. Amount reckoned into owners equity with share-based payment												0.00
4. Other												0.00
(III) Profit distribution										-288,133,813.50		-288,133,813.50
1. Withdrawal of surplus reserves												0.00

2. Distribution for owners (or shareholders)												-288,133.50	-288,133,813.50
3. Other													0.00
(IV) Carrying forward internal owners' equity													0.00
1. Capital reserves converted to capital (share capital)													0.00
2. Surplus reserves converted to capital (share capital)													0.00
3. Remedying loss with surplus reserve													0.00
4. Carry-over retained earnings from the defined benefit plans													0.00
5. Carry-over retained earnings from other comprehensive income													0.00
6. Other													0.00
(V) Reasonable reserve													0.00
1. Withdrawal in the reporting period													0.00
2. Usage in the reporting period													0.00
(VI)Others													0.00
IV. Balance at the end of the reporting period	1,152,535,254.00	0.00	0.00	0.00	3,018,106,568.27	0.00	0.00	0.00	167,219,736.53	65,250,454.54	0.00		4,403,112,013.34

Last period

Unit: RMB/CNY

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

		stock	al								
			securities								
I. Balance at the end of the last year	1,152,535,254.00				3,018,106,568.27				133,171,062.28	295,149,580.63	4,598,962,465.18
Add:											
Changes of accounting policy											
Error correction of the last period											
Other											
II. Balance at the beginning of this year	1,152,535,254.00				3,018,106,568.27				133,171,062.28	295,149,580.63	4,598,962,465.18
III. Increase/Decrease in reporting period (Decrease is listed with “-”)											
(i) Total comprehensive income										-226,114,901.23	-226,114,901.23
(ii) Owners’ devoted and decreased capital											
1. Common shares invested by shareholders											
2. Capital invested by holders of other equity instruments											
3. Amount reckoned into owners equity with share-based payment											
4. Other											
(III) Profit distribution											
1. Withdrawal of surplus reserves											
2. Distribution for owners										-288,133,813.50	-288,133,813.50

(or shareholders)										0		
3. Other												
(IV) Carrying forward internal owners' equity												
1. Capital reserves converted to capital (share capital)												
2. Surplus reserves converted to capital (share capital)												
3. Remedying loss with surplus reserve												
4. Carry-over retained earnings from the defined benefit plans												
5. Carry-over retained earnings from other comprehensive income												
6. Other												
(V) Reasonable reserve												
1. Withdrawal in the reporting period												
2. Usage in the reporting period												
(VI)Others												
IV. Balance at the end of the reporting period	1,152,535,254.00				3,018,106,568.27				133,171,062.28	69,034,679.40		4,372,847,563.95

III. Basic information of Company

1. Company profile

Shenzhen Cereals Holdings Co., Ltd. (formerly the Shenzhen Shenbao Industrial Co., Ltd., hereinafter referred to as “SZCH”, “Company” or “the Company”), formerly named Shenzhen Shenbao Canned Food Company, obtained approval (Document (1991) No.978) from Shenzhen Municipal People’s Government to change to the name as Shenzhen Shenbao Industrial Co., Ltd. on August 1991. Approved by the People’s Bank of

China(Document (1991)No.126), the Company was listed on Shenzhen Stock Exchange. The Company belongs to the grain, oil, food and beverage industry.

As of June 30, 2023, the cumulative amount of shares issued by the Company was 1,152,535,254 shares with registered capital of 1,152,535,254.00 yuan. Registered address: Shenzhen, Guangdong Province; HQ of the Company: 8/F, Tower B, No.4 Building, Software Industry Base, South District, Science & Technology Park, Xuefu Rd., Yuehai Street, Nanshan District, Shenzhen.

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

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

For more details of change of the consolidation scope in the reporting period, please refer to “Note VIII. Change of consolidation scope”

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

IV. Basis of preparation of financial statements

1. Basis of preparation

The financial statement are prepared in line with the Accounting Standards for Business Enterprise-Basic Standard issued by Ministry of Finance and specific accounting principle as well as the application guidance for the accounting principles for enterprise, interpretation to the accounting principles for enterprise and other related

requirements (hereinafter referred to as Accounting Standards for Business Enterprise), combining the Information Disclosure Preparation Rules for Company Public Issuing Securities No.15 - General Rules for Financial Report of the CSRC.

2. Going concern

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

V. Major accounting policy and accounting estimate

Specific accounting policies and accounting estimate tips:

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

1. Statement for observation of Accounting Standard for Business Enterprise

The financial statements prepared by the Company are in accordance to requirements of Accounting Standard for Business Enterprise issued by Ministry of Finance, which truly and completely reflect the financial status of the Company and parent company on June 30, 2023, as well as the consolidate and parent company’s operational results and cash flow in the period from January to June 2023.

2. Accounting period

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

3. Business cycle

The business cycle of the Company is 12 months.

4. Recording currency

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

5. Accounting treatment method for business combinations under the same/different control

Business combination under the same control: The assets and liabilities the Company acquired in a business combination shall be measured in accordance with book value of assets, liabilities (including the ultimate controlling party of goodwill acquired by the merging parties and the formation of) stated in combined financial

report of the ultimate controlling party on the merger date. The net book value of assets and the payment of the merger consideration in the merger book value (or nominal value of shares issued) shall be adjusted in the share premium of reserve capital. the share premium in capital reserve is not enough for deducting, retained earnings.

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

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

6. Methods for preparation of consolidated financial statements

6.1 Consolidation scope

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

6.2 Consolidation procedure

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

The owners' equity of subsidiaries, current net gains/losses and current comprehensive income belonging to minority shareholders shall be listed respectively under item of owners' equity in the consolidated balance sheet, item of net profit in profit sheet and item of total comprehensive income. The balance arising from the current loss shared by the minority shareholders of a subsidiary exceeding the minority shareholders' share in the initial

owners' equity of the subsidiary shall be offset against the minority shareholders' equity.

1) Increase of subsidiary or business

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

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

During the reporting period, if a subsidiary or business is added due to a business combination not under the same control, it shall be included in the consolidated financial statements on the basis of the fair value of various identifiable assets, liabilities and contingent liabilities determined on the purchase date.

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

2) Disposal of subsidiaries

① General approach

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

② Step disposal of subsidiaries

As multiple transactions over disposal of the subsidiary's equity lead to loss of controlling right, if the terms of the transaction, situation and economic impact subject to one or above of the following conditions, usually it indicates

repeated transactions should be accounted for as a package deal:

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

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

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

3) Purchase of a minority stake in subsidiary

Long-term equity investment of the Company for the purchase of minority interests in accordance with the newly acquired stake in the new calculation shall be entitled to the difference between the net assets from the acquisition date (or combination date) initially measured between the consolidated balance sheet adjustment capital balance of the share premium in the capital reserve share premium insufficient, any excess is adjusted to retained earnings.

4) Disposal of equity in subsidiary without losing control

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

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

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

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

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

- 1) Recognition of the assets held separately by the Company, and recognition of the jointly held assets based on the share of the Company;
- 2) Recognition of the liabilities born by the Company individually and liabilities born jointly in proportion to the shares;
- 3) Recognition of revenue from the sales of the shares of common operating output;

- 4) Recognition of the revenue from joint operation arising from the sale of the output at the shares;
- 5) Recognition of the separately incurred costs and recognition of the expenses incurred in joint operations based on the shares;

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

8. Recognition standards for cash and cash equivalents

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

9. Foreign currency business and conversion of foreign currency statement

9.1 Foreign currency business

The foreign currency business uses the spot exchange rate (or: using an exchange rate determined in accordance with a systematic and reasonable method that approximates the spot rate on the date of the transaction. Tip: if the method is used, what method and what caliber should be specified) on the transaction date as the conversion rate to convert the foreign currency amount into RMB.

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

9.2 Conversion of foreign currency financial statements

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

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

10. Financial instruments

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

10.1 Categories of financial instruments

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

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

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

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

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

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

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

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

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

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

10.2 Recognition and measurement for financial instrument

1) Financial assets measured by amortized cost

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

Interest calculated by the effective interest method during the holding period is included in the current gains/losses.

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

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

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

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

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

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

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

4) Financial assets measured by fair value and whose changes are included in current gains/losses

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

5) Financial liabilities measured by fair value and whose changes are included in current gains/losses

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

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

6) Financial liabilities measured by amortized cost

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

Interest calculated by the effective interest method during the holding period is included in the current gains/losses.

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

10.3 Termination of recognition and transfer of financial assets

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

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

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

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

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

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

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

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

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

10.4 Terminating the recognition of financial liability

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

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

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

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

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

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

10.6 Testing of the financial assets impairment and accounting treatment

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

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

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

included in the current gains/losses as an impairment loss or gain.

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

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

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

Regarding the accounts receivable and contract assets formed from transactions regulated by the "Accounting Standards for Business Enterprises No. 14-Revenue" (2017), regardless of whether it contains a significant financing component, the Company always measure its loss reserves at the amount equivalent to the expected credit loss during the entire duration.

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

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

11. Note receivable

12. Account receivable

13. Receivable financing

14. Other account receivable

15. Inventory

15.1 Classification and costs of inventory

Inventory includes raw materials, revolving material, goods in process, goods in transit and work in

process-outsourced and so on.

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

15.2 Valuation methods for delivery of inventory

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

15.3 Recognition standards of the net realizable value for inventory

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

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

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

15.4 Inventory system

Inventory system is the perpetual inventory system.

15.5 Amortization of low-value consumables and packaging materials

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

16. Contract asset

16.1 Methods and criteria for recognition of a contract asset

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

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

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

17. Contract cost

18. Assets held for sale

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

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

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

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

19. Creditors' investment

20. Other creditors' investment

21. Long-term account receivable

22. Long-term equity investment

22.1 Criteria for judgment of the common control and significant influence

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

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

22.2 Determination of initial investment cost

1. Long-term equity investment formed by business combination

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

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

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

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

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

22.3 Subsequent measurement and recognition of gains/losses

1. Long-term equity investment measured by cost

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

2. Long-term equity investment measured by equity

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

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

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

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

the unrealized internal transaction losses with the investee are assets impairment losses, they will be fully recognized.

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

3. Disposal of long-term equity investment

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

Long-term equity investment accounted for by equity method

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

If the joint control or significant influence on the investee is lost due to the disposal of equity investment, for the other comprehensive income recognized by the original equity investment due to the adoption of the equity method, use the same basis as the investee to directly dispose of related assets or liabilities for accounting treatment when terminating the adoption of the equity method, the same basis as the direct disposal of related assets or liabilities by the investee is used for accounting treatment, all other changes in owner's equity are transferred to the current gains/losses when terminating the adoption of the equity method.

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

the control of the investee are carried forward.

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

23. Investment real estate

Measurement

Measured by cost

Depreciation or amortization method

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

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

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

24. Fixed assets

(1) Recognition

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

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

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

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

(2) Depreciation methods

Category	Method	Years of depreciation	Scrap value rate	Yearly depreciation rate
House and buildings	Straight-line depreciation			
Production buildings	Straight-line depreciation	20-35	5	2.71-4.75
Non-production buildings	Straight-line depreciation	20-40	5	2.38-4.75
Temporary dormitory and simple room etc.	Straight-line depreciation	5-15	5	6.33-19.00
Gas storage bin	Straight-line depreciation	20	5	4.75
Silo	Straight-line depreciation	50	5	1.90
Wharf and supporting facilities	Straight-line depreciation	50	5	1.90
Machinery equipment	Straight-line depreciation			
Other machinery equipment	Straight-line depreciation	10-20	5	4.75-9.50
Warehouse transmission equipment	Straight-line depreciation	20	5	4.75
Transport equipment	Straight-line depreciation	3-10	5	9.50-31.67
Electronic equipment and others	Straight-line depreciation	2-10	5	9.50-47.50

The expected net residual value rate determines the depreciation rate. For fixed assets with provision for impairment, the depreciation amount shall be determined based on the book value after deducting the impairment provision and the remaining useful life in the future period. In case each component of a fixed asset has different service life or provides economic benefits to the enterprise in different ways, different depreciation rates or methods should be chosen and depreciation should be calculated separately.

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

25. Construction in progress

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

26. Borrowing expenses

26.1 Recognition of the borrowing expenses capitalization

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

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

26.2 Period of capitalization

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

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

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

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

26.3 Period of capitalization suspension

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

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

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

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

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

27. Biological assets

- (1) The Company's biological assets are productive biological assets, which are classified into productive biological assets, consumptive biological assets and biological assets for commonweal according to the purpose of holding and the way in which economic benefits are realized.
- (2) Biological assets are initially measured at cost.
- (3) The necessary expenditures incurred by productive biological assets before reaching the intended production and operation purposes constitute the cost of productive biological assets. Subsequent expenditures incurred

after achieving the intended production purposes shall be included in the current gains/losses.

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

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

Public welfare biological assets are subsequently measured at cost. There is no need to withdraw the asset impairment reserve for public welfare biological assets.

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

28. Oil and gas assets

29. Right-of-use assets

30. Intangible assets

(1) Measurement, use of life and impairment testing

- 1) The intangible assets are measured at cost when the Company acquires intangible assets;

For those intangible assets purchased from outside, the purchase value, relevant taxes and other payments attributable to predicted purpose obtained should recognized as cost for this assets.

2)Subsequent measurement

The service life of an intangible asset shall be analyzed and judged when such intangible assets is acquired.

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

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

Item	Predicted useful life	Amortization method	Residual value rate	Basis
Land use right	Amortized the actual rest of life after certificate of land use right obtained	Straight-line method	0.00%	Certificate of land use right
Forest tree use right	Service life arranged	Straight-line method	0.00%	Protocol agreement
Trademark use right	10 years	Straight-line method	0.00%	Actual situation of the Company
Shop management right	Service life arranged	Straight-line method	0.00%	Protocol agreement
Software use right	5-8 years	Straight-line method	0.00%	Protocol agreement
Patents and others	20 years	Straight-line method	0.00%	Actual situation of the Company

Judgment basis on intangible assets with uncertain service life and review procedures for the service life

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

(2)Accounting policy of internal R&D expenditure

Specific criteria for dividing research and development stages

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

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

Development stage: stage of the activities that produced new or material advance materials, devices and products

that by research results or other knowledge adoption in certain plan or design before the commercial production or usage.

Specific conditions for capitalization of expenditure during the development phase

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

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

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

31. Impairment of long term assets

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

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

When the Company conducts the goodwill impairment test, the book value of goodwill formed by business combination is apportioned to the relevant asset group according to reasonable methods from the date of purchase; if it is difficult to apportion it to the relevant asset group, apportion it to the relevant asset group portfolio.

Relevant asset group or assets portfolio is the asset group or combination of assets group that can benefit from the synergies of the enterprise merger.

When conducting impairment test for relevant asset group with inclusion of goodwill, in case that there is indication of impairment for such asset group, impairment test would be firstly conducted in respect of the asset groups without inclusion of goodwill. Then, it shall calculate the recoverable amount and determine the corresponding impairment loss as compared to its carrying value. Then conduct an impairment test on the asset group or asset group portfolios containing goodwill, and compare their book value with the recoverable amount. If the recoverable amount is lower than the book value, the amount of impairment loss first deducts the book value of the goodwill allocated to the asset group or asset group portfolio, and then deducts the book value of the other assets in proportion according to the proportion of the book value of the other assets other than goodwill in the asset group or asset group portfolio.

Once recognized, asset impairment loss would not be reversed in future accounting period.

32. Long term prepaid expense

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

33. Contract liabilities

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

34. Staff remuneration

(1)Accounting treatment of short term remuneration

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

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

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

(2)Accounting treatment for post employment benefits

1) Defined contribution plan

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

2) Defined benefit plan

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

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

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

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

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

(3)Accounting treatment for dismissal benefit

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

(4)Accounting treatment for other long term staff benefits

35. Lease liability

36. Accrual liability

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

- (1) The responsibility is a current responsibility undertaken by the Company;
- (2) Fulfilling of the responsibility may lead to financial benefit outflow;
- (3) The responsibility can be measured reliably for its value.

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

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

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

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

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

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

37.Share-based payment

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

37.1 Equity-settled share-based payments and equity instruments

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

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

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

37.2 Cash-settled share-based payments and equity instruments

The cash-settled share-based payment shall be measured at the fair value of the liabilities calculated and

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

38. Other financial instrument of preferred stocks and perpetual bond

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

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

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

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

39. Revenue

Accounting policy used for revenue recognition and measurement

39.1 Accounting policy used for revenue recognition and measurement

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

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

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

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

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

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

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

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

39.2 Specific principles

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

2. Income from the provision of labor services: The Company provides the grain and oil dynamic reserve and its rotation services for the Shenzhen Municipal Government, and the income is recognized when the relevant labor activities occur. Operating Regulations for Shenzhen Municipal Government Grain Reserve Cost Contracting and Shenzhen Edible Vegetable Oil Government Reserve Expenses All-inclusive Operational Regulations shall be used to calculate and confirm the service income of grain and oil reserves.

3. Other income:

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

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

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

40. Government subsidy

40.1 Types

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

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

Specific criteria for classifying the government subsidy as asset-related by the Company are: Government subsidy obtained by the company for the purchase, construction, or other forms of long-term assets

Specific criteria for classifying the government subsidy as income-related by the Company are: Government subsidies obtained by the company except for the government subsidies related to assets.

40.2 Recognition time point

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

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

40.3 Accounting treatment

Based on the essence of economic business, the company determines whether a certain type of government subsidy business should be accounted for using the gross method or the net method. Normally, the company only selects one method for the same or similar government subsidy business, and uses that method consistently for that business.

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

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

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

The policy-related preferential loan interest discounts obtained by the Company shall be accounted for separately

in the following two situations:

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

41. Deferred income tax assets and deferred income tax liabilities

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

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

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

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

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

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

On the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured at the applicable tax rate during the period when the relevant assets are expected to be recovered or the relevant

liabilities are expected to be paid off in accordance with the provisions of the tax law.

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

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

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

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

42. Lease

(1) Accounting treatment of operating leases

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

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

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

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

42.1 the Company serves as lessor

1. Right-of-use assets

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

- The initial measurement amount of the lease liability;
- The lease payment amount paid on or before the start date of the lease period, if there is a lease incentive, deduct the relevant amount of the lease incentive already enjoyed;
- Initial direct expenses incurred by the company;
- The estimated costs incurred by the Company for dismantling and removing the leased assets, restoring the site where the leased assets are located, or restoring the leased assets to the state agreed upon in the lease terms, but do not include the costs incurred for the production of inventories.

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

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

2. Lease liabilities

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

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

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

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

Variable lease payments that are not included in the measurement of lease liabilities are included in the current gains/losses or the cost of related assets when they are actually incurred.

After the commencement date of the lease term, the Company shall re-measure the lease liabilities and adjust the corresponding right-of-use assets under the following circumstances. If the book value of the right-of-use assets has been reduced to zero, but the lease liabilities still need to be further reduced, the The difference is included in the current gains/losses:

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

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

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

4.Lease change

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

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

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

If the lease change leads to the narrowing of the lease scope or the shortening of the lease term, the company will reduce the book value of the right-of-use asset accordingly, and include the relevant gains or losses on partial or

complete termination of the lease into the current gains/losses. If other lease changes result in re-measurement of lease liabilities, the Company adjusts the book value of the right-of-use asset accordingly.

42.2 The Company serves as the lessee

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

1. Accounting treatment for operating leases

The lease receipts from operating leases are recognized as rental income on a straight-line basis during each period of the lease term. The company capitalizes the initial direct expenses related to operating leases and books them to the current gains/losses on the same basis as rental income recognition during the lease term. The variable lease payments that are not included in the lease receipts are recognized in the current gains/losses at the time of actual occurrence. If there is a change in the operating lease, the company will treat it as a new lease for accounting treatment from the effective date of the change, and the advance or receivable lease receipts related to the lease before the change are considered as the new lease receipts.

2. Financial leasing accounting treatment

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

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

Variable lease payments that are not included in the measurement of net lease investment are recognized in the current gains/losses at the time of actual occurrence.

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

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

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

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

42.3 Leaseback transactions

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

1. The company acts as lessee

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

2. The Company serves as lessor

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

(2) Accounting treatment method of financial leasing

43. Other important accounting policy and estimation

44. Changes of important accounting policy and estimation

(1) Changes of important accounting policies

☞ Applicable Not applicable

Content & reasons	Approval procedure	Note
-------------------	--------------------	------

On November 30, 2022, the Ministry of Finance issued Interpretation No. 16 of the Accounting Standards for Business Enterprises (CK[2022] No. 31, hereinafter referred to as “Interpretation No. 16”), which states that

“accounting treatment for deferred income tax related to assets and liabilities arising from individual transactions does not apply to initial recognition exemption” shall be implemented from January 1, 2023, allowing enterprises to execute it in advance from the year of publication. The company implemented the accounting treatment related to this matter from January 1, 2023, and this matter has no significant impact on the company’s financial statements during the reporting period.

(2) Changes of important accounting estimate

Applicable Not applicable

(3) Related items of financial statements at the beginning of the first year to implement the new accounting standards adjustment for the first time starting from 2023

Applicable Not applicable

45.Others

Nil

VI. Taxes

1. Type of tax and rate for main applicable tax

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

Rate of income tax for different taxpaying body:

Taxpaying body	Rate of income tax
Shenzhen Cereals Holdings Co., Ltd.	25.00%
Shenzhen Cereals Group Co., Ltd.(hereinafter referred to as “SZCG”)	25.00% , some businesses are tax-free
Shenzhen Hualian Grain and Oil Trading Co., Ltd.(hereinafter referred to as “Hualian Cereals and Oil”)	25.00%
Dongguan Shenliang Hualian Cereals and Oil Trading Co., Ltd(hereinafter referred to as “Dongguan Hualian”)	25.00%
Shenzhen Shenliang Hongjun Catering Management Co., Ltd.(hereinafter referred to as “Shenliang Hongjun”)	25.00%
Shenzhen Flour Co., Ltd(hereinafter referred to as “Shenzhen Flour”)	25.00% , some businesses are tax-free
Shenliang Quality Inspection Co., Ltd. (hereinafter referred to as “Shenliang Quality Inspection”)	20.00%
Hainan Shenliang Oil & Food Co., Ltd. (hereinafter referred to as “Hainan Oil & Food”)	20.00%
Shenzhen Shenliang Doximi Business Co., Ltd. (hereinafter referred to as “Doximi”)	25.00%
Shenzhen Shenliang Big Kitchen Food Supply Chain Co., Ltd(hereinafter referred to as “Big Kitchen”)	25.00%
Zhenpin Market Operation Technology Co., Ltd. (hereinafter referred to “Zhenpin Market”)	25.00%
Shenzhen Shenliang Storage (Yingkou) Co., Ltd(hereinafter referred to as “Yingkou Storage”)	25.00%
Shenzhen Shenliang Cold Chain Logistics Co., Ltd.(hereinafter referred to as “Cold Chain Logistics”)	15.00%
Shenzhen Shenliang Property Development Co., Ltd.(hereinafter referred to as “Shenliang Property Development”)	25.00%
Shenzhen Shenliang Property Management Co., Ltd. (hereinafter referred to as “Shenliang Property Management”)	20.00%
Dongguan Shenliang Logistics Co., Ltd.(hereinafter referred to as “Dongguan Logistics”)	25.00%
Dongguan International Food Industrial Park Development Co., Ltd.(hereinafter referred to as “International Food”)	25.00%
Dongguan Shenliang Oil & Food Trade Co., Ltd.(hereinafter referred to as “Dongguan Oil & Food”)	25.00%
Shuangyashan Shenliang Cereals Base Co., Ltd. (hereinafter referred to as “Shuangyashan”)	25.00%
Shenzhen Shenbao Huacheng Technology Co., Ltd. (hereinafter referred to as “Shenbao Huacheng”)	15.00%
Wuyuan Ju Fang Yong Tea Industry Co., Ltd(hereinafter referred to as “Wuyuan Ju Fang Yong”)	15.00%
Shenzhen Shenshenbao Investment Co., Ltd(hereinafter referred to as “Shenshenbao Investment”)	25.00%
Shenzhen Shenshenbao Tea Culture Commercial Management Co., Ltd.(hereinafter referred to as “Shenbao Tea Culture”)	25.00%
Hangzhou Ju Fang Yong Holding Co., Ltd(hereinafter referred to as “Ju Fang Yong Holding”)	25.00%

Hangzhou Fuhaitang Catering Management Chain Co., Ltd. (hereinafter referred to as “Fuhaitang Catering”)	25.00%
Hangzhou Fuhaitang Tea Ecology Technology Co., Ltd.(hereinafter referred to as “Fuhaitang Tea Ecology”)	25%
Mount Wuyi Shenbao Rock Tea Co., Ltd.(hereinafter referred to as “Shenbao Rock Tea”)	25.00%
Yunnan Shenbao Pu’er Tea Supply Chain Management Co., Ltd. (hereinafter referred to as “Pu’er Tea Supply Chain”)	25.00%
Shenzhen Shenliang Food Co., Ltd. (hereinafter referred to as “Shenzhen Shenliang Food”)	25.00%
Yunnan Pu’er Tea Trading Center Co., Ltd. (hereinafter referred to as “Pu’er Tea Trading Center”)	25.00%
Huizhou Shenliang Food Co., Ltd. (hereinafter referred to as “Huizhou Shenliang Food”)	25.00%
Huizhou Shenbao Technology Co., Ltd.(hereinafter referred to as “Huizhou Shenbao”)	25.00%
Zhenpin Market Operation Technology Co., Ltd. (hereinafter referred to “Zhenpin Market”)	25.00%
Shenzhen Shenbao Industrial & Trading Co., Ltd (hereinafter referred to as “Shenbao Industrial & Trading”)	25.00%
Wuhan Jiacheng Biotechnology Co., Ltd (hereinafter referred to as “Wuhan Jiacheng”)	15.00%
Hubei Jiacheng Biotechnology Co., Ltd (hereinafter referred to as “Hubei Jiacheng”)	25.00%
Wuhan Hongqu Health Biology Co., Ltd (hereinafter referred to as “Wuhan Hongqu”)	25.00%
Macheng Jintian Camellia Oil Co., Ltd.(hereinafter referred to as“Macheng Jintian”)	25.00%
Shenliang Hongli Grain and Oil (Shenzhen) Co., Ltd (hereinafter referred to as “Shenliang Hongli”)	25.00%

2. Preferential taxation

2.1. VAT discounts and approval

According to the “Notice of the Ministry of Finance and the State Administration of Taxation on the Issues Concerning the VAT Collection and Exemption of Grain Enterprises (CSZ [1999] No. 198)” and “Shenzhen Tax Service, State Taxation Administration and Shenzhen Finance Bureau SGSF (SCF [1999] No.428)”, confirming that SZCG, the Company’s subsidiary, and its subsidiaries, are state-owned grain purchase and sale enterprises that undertake grain collection and storage tasks for Shenzhen, the grain sold is subject to tax-free declaration by rule and enjoys the exemption from VAT. In addition, according to the stipulation of the “Announcement of State Administration of Taxation on Relevant Management Matters After Clarifying the Cancellation of the Approval of Some VAT Preferential Policies” (SAT Announcement 2015 No. 38), the approval for exemption from VAT and the involved tax review and approval procedures for the state-owned grain enterprises that undertake grain collection and storage tasks, other grain enterprises that operate tax-free projects and enterprises that have edible vegetable oil sales business for government reserves are canceled and changed to record management. The taxpayer does not change the content of the record materials during the period of tax exemption can be put on a one-time record. In December 2013, SZCG obtained the notice of the VAT preferential record (SGSFJBM [2013] No.2956) from Shenzhen Futian State Administration of Taxation. In the case of no change in policy, this limited

filing period started on January 1st, 2014. The VAT input tax amount of the preferential item was separately accounted for, and the input VAT calculation method cannot be changed within 36 months after the selection. As of June 30, 2023, the tax exemption policy has been in effect since its filing in 2014, and the company's VAT input tax has not changed since it was accounted for separately in 2014, so the company continues to enjoy the tax preference.

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

According to the stipulations of "Announcement of the Ministry of Finance and the State Administration of Taxation on Continuing the Implementation of Tax Preferential Policies for Some National Reserve Commodity Reserves(CS[2022]No.8)", confirm that the fund account book of SZCG, the Company's subsidiary, and its direct depots is exempt from stamp duty, that the written purchase and sale contracts of SZCG in the process of undertaking the commodity reserve business are exempt from stamp duty, and confirming that SZCG's house property and land used for the commodity reserve business are exempt from house property tax and urban land use tax. The execution time limit for this tax preference policy is up to December 31, 2022 since January 1, 2022.

2.3. Enterprise income tax

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

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

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

(4) On Oct. 12, 2022, Wuhan Jiacheng, a subsidiary of the Company, obtained the High-tech Enterprise Certificate

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

(5) According to the Notice of the Ministry of Finance and the State Taxation Administration on the Treatment of Corporate Income Tax Treatment of Fiscal Funds for Special Purposes (CS[2009]No.87), the governmental service incomes obtained by SZCG, the Company's subsidiary, and its subordinate companies by carrying out government grain reserves business are fiscal funds for special purposes, those that meet the requirements can be regarded as non-taxable incomes and deducted from the total income when calculating the taxable income. Expenses arising from the use of the above non-taxable income for expenditure shall not be deducted from the calculation of taxable income; for assets formed from expenditure, the calculated depreciation and amortization shall not be deducted from the calculation of taxable income.

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

(7) According to the Announcement of the Ministry of Finance and the State Taxation Administration on the Implementation of Preferential Income Tax Policies for Small and Micro Enterprises and Individual Business (GG[2021]No.12) and the Announcement of State Taxation Administration on Matters Related to the Implementation of Preferential Income Tax Policies for the Development of Small and Micro-profit Enterprises and Individual Business (GG[2021]No. 8), from January 1, 2021 to December 31, 2022, the part of the annual taxable income of small and low-profit enterprises not exceeding 1 million yuan shall be included in the taxable income at a reduced rate of 12.50%, and the enterprise income tax shall be paid at a tax rate of 20.00%. According to the Announcement of the Ministry of Finance and the State Administration of Taxation on the Further Implementation of Preferential Income Tax Policies for Small and Micro Enterprises (GG[2022]No.13), from January 1, 2022 to December 31, 2024, the annual taxable income of small and micro profit enterprises exceeds 1 million yuan but does not exceed 3.00 million yuan. Deduct 25.00% as taxable income and pay corporate income tax at the rate of 20.00%. The company's subsidiary Hainan Grain and Oil, Shenliang Property and Shenliang Quality Inspection are small profit enterprises and in line with the preferential tax conditions.

3. Other

VII. Notes to main items of consolidated financial statements

1. Monetary funds

Unit: RMB/CNY

Item	Ending balance	Opening balance
Cash on hand	247,140.34	69,686.00
Cash in bank	100,373,190.25	52,837,770.89
Other monetary fund	1,087,109.07	1,196,314.11
Total	101,707,439.66	54,103,771.00
Total amount of funds with restrictions on use due to mortgage, pledge, or freezing	1,595,309.92	1,008,301.74

Other explanation

2. Tradable financial assets

Unit: RMB/CNY

Item	Ending balance	Opening balance
Financial assets measured by fair value and with variation reckoned into current gains/losses	226,830,484.23	46,676,652.91
Including:		
Equity investment instrument	1,114,607.52	1,228,132.36
Structured financial products	225,715,876.71	45,448,520.55
Including:		
Total	226,830,484.23	46,676,652.91

Other explanation:

3. Derivative financial assets

Unit: RMB/CNY

Item	Ending balance	Opening balance
------	----------------	-----------------

Other explanation:

4. Note receivable

(1) By category

Unit: RMB/CNY

Item	Ending balance	Opening balance
Bank acceptance bill	177,052.00	270,109.00
Total	177,052.00	270,109.00

Unit: RMB/CNY

Category	Ending balance					Opening balance				
	Book balance		Provision for bad debt		Book value	Book balance		Provision for bad debt		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	
Including:										
Including:										

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

Applicable Not applicable

(2) Provision for bad debt accrual, collected or reversal in the period

Provision for bad debt accrual in the period:

Unit: RMB/CNY

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

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

Applicable Not applicable

(3) Notes receivable already pledged by the Company at the end of the period

Unit: RMB/CNY

Item	Amount pledged at period-end

(4) Notes endorsement or discount and undue on balance sheet date

Unit: RMB/CNY

Item	Amount derecognition at period-end	Amount not derecognition at period-end

Bank acceptance bill	861,712.00	
Total	861,712.00	

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

Unit: RMB/CNY

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

Other explanation

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

Unit: RMB/CNY

Item	Amount written-off
------	--------------------

Including important note receivable that written-off:

Unit: RMB/CNY

Enterprise	Nature	Amount written-off	Written-off causes	Procedure of written-off	Resulted by related transaction
------------	--------	--------------------	--------------------	--------------------------	---------------------------------

Explanation on note receivable written-off:

5. Account receivable

(1) By category

Unit: RMB/CNY

Category	Ending balance					Opening balance				
	Book balance		Provision for bad debt		Book value	Book balance		Provision for bad debt		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	
Account receivable with provision for bad debts accrual on a single basis	95,687,477.94	35.30%	95,575,736.94	99.88%	111,741,000	96,298,242.86	28.65%	95,725,038.89	99.40%	573,203.97
Including:										
Account receivable with provision for bad debts accrual on portfolio	175,395,609.66	64.70%	3,314,329.37	1.89%	172,081,280.29	239,772,846.96	71.35%	3,516,949.98	1.47%	236,255,896.98
Including:										

Including: portfolio of sales receivable	123,368, 590.15	45.51%	3,314,32 9.37	2.69%	120,054,2 60.78	142,291,7 69.29	42.34%	3,516,949 .98	2.47%	138,774,81 9.31
Object-specific portfolio	52,027,0 19.51	19.19%			52,027,01 9.51	97,481,07 7.67	29.01%			97,481,077. 67
Total	271,083, 087.60	100.00%	98,890,0 66.31		172,193,0 21.29	336,071,0 89.82	100.00%	99,241,98 8.87		236,829,10 0.95

Provision for bad debt accrual on single basis: 95,575,736.94 yuan.

Unit: RMB/CNY

Name	Ending balance			
	Book balance	Provision for bad debt	Accrual ratio	Accrual causes
Guangzhou Jinhe Feed Co., Ltd	10,455,627.54	10,455,627.54	100.00%	Extreme low possibility of recovery
Shenzhen Faqun Industry Co., Ltd.	4,582,156.00	4,582,156.00	100.00%	Extreme low possibility of recovery
Li Shaoyu	2,929,128.53	2,929,128.53	100.00%	Extreme low possibility of recovery
Zhuhai Doumen Huabi Feed Co., Ltd.	2,396,327.14	2,396,327.14	100.00%	Extreme low possibility of recovery
Chongqing Zhongxing Food Industry Co., Ltd.	2,354,783.30	2,354,783.30	100.00%	Extreme low possibility of recovery
Sichuan Zhongxing Food Industry Co., Ltd.	1,698,103.22	1,698,103.22	100.00%	
Shenzhen Buji Agricultural Products Wholesale Center Market Xingmin Commercial Bank	1,534,512.45	1,534,512.45	100.00%	Extreme low possibility of recovery
Cao Shengyun	1,429,745.00	1,429,745.00	100.00%	Extreme low possibility of recovery
Huaxing Feed Factory, Shunde District, Foshan City	1,290,274.22	1,290,274.22	100.00%	Extreme low possibility of recovery
Shanghai office	1,059,295.90	1,059,295.90	100.00%	Extreme low possibility of recovery
Shenzhen Dihuan Investment Development Company	1,045,356.50	1,045,356.50	100.00%	Extreme low possibility of recovery

Other single provision	64,912,168.14	64,800,427.14	99.83%	Extreme low possibility of recovery
Total	95,687,477.94	95,575,736.94		

Provision for bad debts accrual on portfolio: 3,314,329.37 yuan

Unit: RMB/CNY

Name	Ending balance		
	Book balance	Provision for bad debt	Accrual ratio
Including: Portfolio of sales receivable	123,368,590.15	3,314,329.37	2.69%
Object-specific portfolio	52,027,019.51		
Total	175,395,609.66	3,314,329.37	

Explanation on the basis for determining portfolio:

Provision for bad debts accrual on portfolio:

Unit: RMB/CNY

Name	Ending balance		
	Book balance	Provision for bad debt	Accrual ratio

Explanation on the basis for determining portfolio:

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

Applicable Not applicable

By account age

Unit: RMB/CNY

Account age	Ending balance
Within one year (including 1-year)	173,818,562.72
1-2 years	1,747,202.64
2-3 years	2,307,020.56
Over 3 years	93,210,301.68
3-4 years	189,384.00
4-5 years	713,578.10
Over 5 years	92,307,339.58
Total	271,083,087.60

(2) Provisions for bad debts accrual, collected or reversal in the period

Provision for bad debt accrual in the period:

Unit: RMB/CNY

Category	Opening balance	Amount changed in the period	Ending balance
----------	-----------------	------------------------------	----------------

		Accrual	Collected or reversal	Written-off	Other	
Provision for bad debts accrual on single basis	95,725,038.89		149,301.95			95,575,736.94
Provision for bad debts accrual on portfolio	3,516,949.98	-107,813.22	94,807.39			3,314,329.37
Total	99,241,988.87	-107,813.22	244,109.34			98,890,066.31

Important amount of provision for bad debts collected or reversal:

Applicable Not applicable

Unit: RMB/CNY

Enterprise	Amount collected or reversal	Collection way
------------	------------------------------	----------------

(3) Account receivable actually written-off in the period

Unit: RMB/CNY

Item	Amount written-off
------	--------------------

Including major account receivable written-off:

Unit: RMB/CNY

Enterprise	Nature	Amount written-off	Written-off causes	Procedure of written-off	Resulted by related transaction (Y/N)
------------	--------	--------------------	--------------------	--------------------------	---------------------------------------

Explanation on account receivable written-off:

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

Unit: RMB/CNY

Enterprise	Ending balance of accounts receivable	Proportion in total receivables at ending balance	Bad debt preparation ending balance
First	46,147,460.26	17.02%	
Second	10,455,627.54	3.86%	10,455,627.54
Third	8,235,912.87	3.04%	51,692.01
Fourth	4,582,156.00	1.69%	4,582,156.00
Fifth	3,918,920.00	1.44%	20,060.36
Total	73,340,076.67	27.05%	

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

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

Other explanation

6. Account receivable financing

Unit: RMB/CNY

Item	Ending balance	Opening balance
------	----------------	-----------------

Changes of account receivable financing and change of fair value in the period

Applicable Not applicable

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

Applicable Not applicable

Other explanation:

7. Accounts paid in advance

(1) By account age

Unit: RMB/CNY

Account age	Ending balance		Opening balance	
	Amount	Ratio	Amount	Ratio
Within one year	31,986,367.58	98.12%	64,831,898.58	99.00%
1-2 years	302,136.99	0.93%	361,081.54	0.55%
2-3 years	131,447.72	0.40%	175,520.68	0.27%
Over 3 years	179,125.47	0.55%	118,890.08	0.18%
Total	32,599,077.76		65,487,390.88	

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

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

Other explanation:

Prepaid objects	Ending balance	Proportion in total prepayment balance at the end of period (%)
First	22,412,160.12	68.75
Second	3,567,146.00	10.94
Third	1,693,030.56	5.19

Fourth	1,068,577.20	3.28
Fifth	483,400.20	1.48
Total	29,224,314.08	89.64

8. Other account receivable

Unit: RMB/CNY

Item	Ending balance	Opening balance
Other account receivable	42,351,756.38	32,910,189.14
Total	42,351,756.38	32,910,189.14

(1) Interest receivable

1) By category

Unit: RMB/CNY

Item	Ending balance	Opening balance
------	----------------	-----------------

2) Significant overdue interest

Unit: RMB/CNY

Borrower	Ending balance	Overdue time	Overdue causes	Whether impairment occurs and its judgment basis
----------	----------------	--------------	----------------	--

Other explanation:

3) Accrual of provision for bad debts

Applicable Not applicable

(2) Dividend receivable

1) By category

Unit: RMB/CNY

Item (or invested enterprise)	Ending balance	Opening balance
-------------------------------	----------------	-----------------

2) Important dividends receivable with account age over one year

Unit: RMB/CNY

Item (or invested enterprise)	Ending balance	Account age	Reasons for not collection	Whether impairment occurs and its judgment basis
-------------------------------	----------------	-------------	----------------------------	--

3) Accrual of provision for bad debt

Applicable Not applicable

Other explanation:

(3) Other account receivable

1) By nature

Unit: RMB/CNY

Nature	Ending book balance	Opening book balance
Margin and deposit	13,114,954.68	14,170,451.49
Other intercourse funds	132,607,662.86	122,723,170.61
Total	145,722,617.54	136,893,622.10

2) Accrual of provision for bad debts

Unit: RMB/CNY

Provision for bad debt	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance on Jan. 1, 2023	2,845,796.16		101,137,636.80	103,983,432.96
Balance on Jan. 1, 2023 in the period				
Current accrual	1,590.28			1,590.28
Other changes	163,532.86		450,629.22	614,162.08
Balance on June 30, 2023	2,683,853.58		100,687,007.58	103,370,861.16

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

Applicable Not applicable

By account age

Unit: RMB/CNY

Account age	Ending balance
Within one year (including 1 year)	22,618,973.61
1-2 years	15,627,452.42

2-3 years	4,134,695.16
Over 3 years	103,341,496.35
3-4 years	1,819,427.03
4-5 years	1,226,657.34
Over 5 years	100,295,411.98
Total	145,722,617.54

3) Provision for bad debts accrual, collected or reversal in the period

Provision for bad debt accrual in the period:

Unit: RMB/CNY

Category	Opening balance	Amount changed in the period				Ending balance
		Accrual	Collected or reversal	Written off	Other	
Provision for bad debts accrual on single basis	101,137,636.80		450,629.22			100,687,007.58
Provision for bad debts accrual on portfolio	2,845,796.16	1,590.28	163,532.86			2,683,853.58
Total	103,983,432.96	1,590.28	614,162.08			103,370,861.16

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

Unit: RMB/CNY

Enterprise	Amount reversal or collected	Collection way
------------	------------------------------	----------------

4) Other account receivable actually written-off in the period

Unit: RMB/CNY

Item	Amount written-off
------	--------------------

Including important other account receivable written-off:

Unit: RMB/CNY

Enterprise	Nature	Amount written-off	Written-off causes	Procedure of written-off	Resulted by related transaction (Y/N)
------------	--------	--------------------	--------------------	--------------------------	---------------------------------------

Explanation on other account receivable written-off:

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

Unit: RMB/CNY

Enterprise	Nature	Ending balance	Account age	Ratio in total ending balance of other account receivables	Ending balance of bad debt reserve
First	Other intercourse funds	24,608,742.46	1-2 year, 2-3 years, over 5 years	16.89%	22,187,644.18
Second	Other intercourse funds	8,326,202.63	Over 5 years	5.71%	8,326,202.63
Third	Other intercourse funds	8,285,803.57	Over 5 years	5.69%	8,285,803.57
Fourth	Other intercourse funds	8,257,311.80	Over 5 years	5.67%	8,257,311.80
Fifth	Other intercourse funds	7,381,000.00	Over 5 years	5.07%	
Total		56,859,060.46	--	39.03%	47,056,962.18

6) Other account receivables related to government grants

Unit: RMB/CNY

Enterprise	Government grants	Ending balance	Ending account age	Time, amount and basis for collection predicted

7) Other accounts receivable derecognized due to the transfer of financial assets

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

Other explanation:

9. Inventory

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

No

(1) By category

Unit: RMB/CNY

Item	Ending balance			Opening balance		
	Book balance	Inventories fall provision or contract performance costs impairment provision	Book value	Book balance	Inventories fall provision or contract performance costs impairment provision	Book value
Raw materials	72,639,491.32	12,429,328.37	60,210,162.95	70,633,688.83	13,324,174.78	57,309,514.05

Goods in process	29,647,826.25		29,647,826.25	25,496,450.76		25,496,450.76
Finished goods	3,588,470,267.96	79,593,849.27	3,508,876,418.69	3,574,759,554.65	80,193,872.72	3,494,565,681.93
Revolving material	11,356,676.28	1,794,283.18	9,562,393.10	9,977,936.24	998,163.23	8,979,773.01
Goods in transit	13,858,809.10		13,858,809.10	11,981,893.90		11,981,893.90
Work in process-outsourced	5,438,363.67	5,290,502.32	147,861.35	5,999,159.19	5,290,502.32	708,656.87
Total	3,721,411,434.58	99,107,963.14	3,622,303,471.44	3,698,848,683.57	99,806,713.05	3,599,041,970.52

(2) Provision for inventory depreciation or provision for impairment of contract performance costs

Unit: RMB/CNY

Item	Opening balance	Increase in current period		Decrease in current period		Ending balance
		Accrual	Other	Reversal or write-off	Other	
Raw materials	13,324,174.78	223,943.76		1,118,790.17		12,429,328.37
Finished goods	80,193,872.72	46,859,503.69		47,459,527.14		79,593,849.27
Revolving material	998,163.23	1,569,921.56		773,801.61		1,794,283.18
Work in process-outsourced	5,290,502.32					5,290,502.32
Total	99,806,713.05	48,653,369.01		49,352,118.92		99,107,963.14

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

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

10. Contract assets

Unit: RMB/CNY

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

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

Unit: RMB/CNY

Item	Amount changed	Cause of change
------	----------------	-----------------

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

Applicable Not applicable

Impairment provision of contract assets in the period

Unit: RMB/CNY

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

Other explanation:

11. Assets held for sale

Unit: RMB/CNY

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

Other explanation:

12. Non-current asset due within one year

Unit: RMB/CNY

Item	Ending balance	Opening balance
------	----------------	-----------------

Important creditors' investment/ other creditors' investment

Unit: RMB/CNY

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

Other explanation:

13. Other current assets

Unit: RMB/CNY

Item	Ending balance	Opening balance
Financing product	224,348.62	1,152,463.71
Input tax to be deducted	45,293,194.79	31,248,541.96
Other	198,719.39	196,415.59
Total	45,716,262.80	32,597,421.26

Other explanation:

14. Creditors' investment

Unit: RMB/CNY

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

Important creditors' investment

Unit: RMB/CNY

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

Accrual of impairment provision

Unit: RMB/CNY

Provisions for bad debts	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance on Jan. 1, 2023 in the reporting period	—	—	—	—

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

Applicable Not applicable

Other explanation:

15. Other creditors' investment

Unit: RMB/CNY

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

Important other creditors' investment

Unit: RMB/CNY

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

Accrual of impairment provision

Unit: RMB/CNY

Provisions for bad debts	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance on Jan. 1, 2023 in the reporting period	—	—	—	—

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

Applicable Not applicable

Other explanation:

16. Long-term account receivable

(1) Long-term account receivable

Unit: RMB/CNY

Item	Ending balance			Opening balance			Discount rate interval
	Book balance	Provision for bad debt	Book value	Book balance	Provision for bad debt	Book value	

Impairment of provisions for bad debt

Unit: RMB/CNY

Provision for bad debt	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance on Jan. 1, 2023 in reporting period	—	—	—	—

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

Applicable Not applicable

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

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

Other explanation

17. Long-term equity investment

Unit: RMB/CNY

The invested entity	Opening balance (book value)	Current changes (+/-)								Ending balance (book value)	Ending balance of impairment provision
		Additonal investment	Capital reduction	Investment gains recognized under equity	Other comprehensive income adjustment	Other equity change	Cash dividend or profit announced to issued	Accrual of impairment provision	Other		
I. Joint venture											
II. Associated enterprise											
Shenzhen Duoxi	2,170,			-503,444.						1,667,	

Equity Investment Fund Management Co., Ltd.	792.11			08					348.03	
Zhuhai Hengxing Feed Industrial Co., Ltd.	30,214,746.29			722,895.95					30,937,642.24	
Shenliang Intelligent Wulian Equity Investment Fund (Shenzhen) Partnership Enterprise (Limited)	26,883,128.82			-368,790.54					26,514,338.28	
Shenzhen Shenyuan Data Tech. Co., Ltd	11,407,867.41			-556,125.42					10,851,741.99	
Shenzhen Shenbao Liaoyuan Investment Company										57,628.53
Shenzhen Shenbao (Xinmin) Foods Co., Ltd.										2,870,000.00
Changzhou Shenbao Chacang E-business Co., Ltd.										
Subtotal	70,676,534.63			-705,464.09					69,971,070.54	2,927,628.53
Total	70,676,534.63			-705,464.09					69,971,070.54	2,927,628.53

Other explanation

18. Other equity instrument investment

Unit: RMB/CNY

Item	Ending balance	Opening balance
------	----------------	-----------------

Itemized the non-tradable equity instrument investment in the period

Unit: RMB/CNY

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

Other explanation:

19. Other non-current financial assets

Unit: RMB/CNY

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

Other explanation:

20. Investment real estate

(1) Measured by cost

Applicable Not applicable

Unit: RMB/CNY

Item	House and building	Land use right	Construction in progress	Total
I. Original book value				
1. Opening balance	583,090,328.15			583,090,328.15
2. Increase in current period				
(1) Outsourcing				
(2) Inventory\fixed assets\construction in process transfer-in				
(3) Increased by combination				

3.Decrease in current period				
(1) Disposal				
(2) Other transfer-out				
4.Ending balance	583,090,328.15			583,090,328.15
II. Accumulated depreciation and accumulated amortization				
1.Opening balance	365,952,866.39			365,952,866.39
2.Increase in current period	7,799,781.96			7,799,781.96
(1) Accrual or amortization	7,799,781.96			7,799,781.96
3.Decrease in current period				
(1) Disposal				
(2) Other transfer-out				
4.Ending balance	373,752,648.35			373,752,648.35
III. Impairment provision				
1.Opening balance				
2.Increase in current period				
(1) Accrual				
3. Decrease in current period				
(1) Disposal				
(2) Other transfer-out				
4.Ending balance				
IV. Book value				
1.Ending book value	209,337,679.80			209,337,679.80

2. Opening book value	217,137,461.76			217,137,461.76
-----------------------	----------------	--	--	----------------

(2) Measured by fair value

Applicable Not applicable

(3) Investment real estate without property certificate completed

Unit: RMB/CNY

Item	Book value	Reasons
Real estate	4,141,859.91	

Other explanation

21. Fixed assets

Unit: RMB/CNY

Item	Ending balance	Opening balance
Fixed assets	2,095,543,847.68	2,138,124,994.69
Fixed assets liquidation	3,211,544.17	3,211,544.17
Total	2,098,755,391.85	2,141,336,538.86

(1) Fixed assets

Unit: RMB/CNY

Item	House and buildings	Machinery equipment	Transport equipment	Electronic and other equipment	Total
I. Original book value:					
1. Opening balance	1,909,203,923.29	780,980,484.11	20,052,061.27	99,598,395.61	2,809,834,864.28
2. Increase in current period		4,559,905.44	12,100.00	3,065,318.55	7,637,323.99
(1) Purchase		4,031,696.20	12,100.00	3,029,821.34	7,073,617.54
(2) Construction in progress transfer-in		528,209.24		35,497.21	563,706.45
(3) Increased by combination					
3. Decrease in		4,252,080.77	34,495.73	644,578.87	4,931,155.37

current period					
(1) Disposal or scrap		4,252,080.77	34,495.73	644,578.87	4,931,155.37
Other					
4. Ending balance	1,909,203,923.29	781,288,308.78	20,029,665.54	102,019,135.29	2,812,541,032.90
II. Accumulated depreciation					
1. Opening balance	296,435,188.37	289,770,846.08	16,287,279.16	62,579,197.17	665,072,510.78
2. Increase in current period	22,240,652.84	19,455,150.59	520,226.59	6,704,167.84	48,920,197.86
(1) Accrual	22,240,652.84	19,455,150.59	520,226.59	6,704,167.84	48,920,197.86
3. Decrease in current period		2,939,506.68	84,541.04	608,834.51	3,632,882.23
(1) Disposal or scrap		2,939,506.68	84,541.04	608,834.51	3,632,882.23
4. Ending balance	318,675,841.21	306,286,489.99	16,722,964.71	68,674,530.50	710,359,826.41
III. Impairment provision					
1. Opening balance		6,627,468.94		9,889.87	6,637,358.81
2. Increase in current period					
(1) Accrual					
3. Decrease in current period					
(1) Disposal or scrap					
4. Ending balance		6,627,468.94		9,889.87	6,637,358.81
IV. Book value					
1. Ending book value	1,590,528,082.08	468,374,349.85	3,306,700.83	33,334,714.92	2,095,543,847.68
2. Opening book value	1,612,768,734.92	484,582,169.09	3,764,782.11	37,009,308.57	2,138,124,994.69

(2) Temporarily idle fixed assets

Unit: RMB/CNY

Item	Original book value	Accumulated depreciation	Impairment provision	Book value	Note
------	---------------------	--------------------------	----------------------	------------	------

(3) Fixed assets leased out by operation

Unit: RMB/CNY

Item	Ending book value
------	-------------------

(4) Fix assets without property certification held

Unit: RMB/CNY

Item	Book value	Reasons for without the property certification
House buildings	684,954,925.04	Still under processing
House buildings	83,726,274.78	Still under processing
House buildings	14,558,098.04	Remaining problem, in progress.

Other explanation

(5) Fixed assets liquidation

Unit: RMB/CNY

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

Other explanation

22. Construction in progress

Unit: RMB/CNY

Item	Ending balance	Opening balance
Construction in progress	232,409,940.90	186,884,912.13
Total	232,409,940.90	186,884,912.13

(1) Construction in progress

Unit: RMB/CNY

Item	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Dongguan grain storage and wharf matching project	168,400,437.48		168,400,437.48	127,376,376.09		127,376,376.09
Jiangxia Base Project	31,398,025.76		31,398,025.76	31,317,609.78		31,317,609.78
CDE storage of Dongguan Food Industrial Park and wharf mating projects	3,726,180.24		3,726,180.24	4,152,832.01		4,152,832.01
Shenyuan Data Technology Smart Logistics Park Management Platform Project				2,777,600.00		2,777,600.00
Deep processing of Dongguan Industry and Trading Food	513,729.78		513,729.78	513,729.78		513,729.78
Shenbao Plaza project	3,842,333.64	3,842,333.64		3,842,333.64	3,842,333.64	
Small packaging production line	9,047,251.50		9,047,251.50	8,250,772.32		8,250,772.32
Other	20,227,505.88	903,189.74	19,324,316.14	13,399,181.89	903,189.74	12,495,992.15
Total	237,155,464.28	4,745,523.38	232,409,940.90	191,630,435.51	4,745,523.38	186,884,912.13

(2) Changes of major construction in progress

Unit: RMB/CNY

Item	Budget	Opening balance	Increase in current period	Transfer-in fixed assets	Other decreased in the Period	Ending balance	Proportion of project investment in budget	Progress	Accumulated capitalization of interest	Including: amount of capitalization of interest in Period	Interest capitalization rate in Period	Capital resources
Dongguan grain	1,242,000.00	127,376,376.09	41,320,685.75	296,624.36		168,400,437.48		83.99%	36,685,214.68	466,976.42	3.00%	Financial Institution

storag e and wharf matchi ng project												ion Loans
CDE storag e of Dongg uan Food Industr ial Park and wharf mating project s	1,087, 300.00 0.00	4,152, 832.01	204,24 7.79	630,89 9.56		3,726, 180.24		98.7%	86,730 ,568.7 4			Financ ial Institut ion Loans
Total	2,329, 300.00 0.00	131,52 9,208. 10	41,524 ,933.5 4	927,52 3.92		172,12 6,617. 72			123,41 5,783. 42	466,97 6.42	3.00%	--

(3) Provision for impairment of construction in progress

Unit: RMB/CNY

Item	Amount accrual in the period	Reasons of accrual
------	------------------------------	--------------------

Other explanation

(4) Engineering material

Unit: RMB/CNY

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

Other explanation:

23. Productive biological asset

(1) Measured at cost

☞ Applicable ☐ Not applicable

Unit: RMB/CNY

Item	Plant	Livestock	Forestry	Fisheries	Total
I. Original book value					
1. Opening balance	416,771.28				416,771.28
2. Increase in current period					
(1) Outsourcing					
(2) self-cultivate					
3. Decrease in current period					
(1) Disposal					
(2) Other					
4. Ending balance	416,771.28				416,771.28
II. Accumulated depreciation					
1. Opening balance	48,461.88				48,461.88
2. Increase in current period	4,846.20				4,846.20
(1) Accrual	4,846.20				4,846.20
3. Decrease in current period					
(1) Disposal					
(2) Other					
4. Ending balance	48,461.88				48,461.88
III. Impairment provision					
1. Opening balance					
2. Increase in current period					
(1) Accrual					

3. Decrease in current period					
(1) Disposal					
(2) Other					
4. Ending balance					
IV. Book value					
1. Ending book value	363,463.20				363,463.20
2. Opening book value	368,309.40				368,309.40

(2) Measured at fair value

Applicable Not applicable

24. Oil and gas asset

Applicable Not applicable

25. Right-of-use asset

Unit: RMB/CNY

Item	House building	Land use rights	Total
I. Original book value			
1. Opening balance	116,758,420.82	1,823,669.22	118,582,090.04
2. Increase in current period	7,077,287.91		7,077,287.91
Purchase	7,077,287.91		7,077,287.91
3. Decrease in current period	13,712,093.43		13,712,093.43
Disposal	13,712,093.43		13,712,093.43
4. Ending balance	110,123,615.30	1,823,669.22	111,947,284.52
II. Accumulated depreciation			
1. Opening balance	39,805,615.38	471,636.38	40,277,251.76
2. Increase in current period	10,972,237.24	116,084.28	11,088,321.52

(1) Accrual	10,972,237.24	116,084.28	11,088,321.52
3. Decrease in current period	7,023,267.30		7,023,267.30
(1) Disposal	7,023,267.30		7,023,267.30
4. Ending balance	43,754,585.32	587,720.66	44,342,305.98
III. Impairment provision			
1. Opening balance			
2. Increase in current period			
(1) Accrual			
3. Decrease in current period			
(1) Disposal			
4. Ending balance			
IV. Book value			
1. Ending book value	66,369,029.98	1,235,948.56	67,604,978.54
2. Opening book value	76,952,805.44	1,352,032.84	78,304,838.28

Other explanation:

26. Intangible assets

(1) Intangible assets

Unit: RMB/CNY

Item	Land use right	Patent	Non-patent technology	Trademark rights	Software usage rights	Forest use rights	Other	Shop use rights	Total
I. Original book value									
1. Opening balance	639,497,282.33	50,960,439.11		184,073.32	66,083,852.28	22,859,104.98	3,610,487.37	21,221,422.64	804,416,662.03

2.Increase in current period					3,226,257.11				3,226,257.11
(1) Purchase					3,226,257.11				3,226,257.11
(2)Internal R&D									
(3) Increased by combination									
3.Decrease in current period	9,704,520.00			86,000.00	38,400.00				9,828,920.00
(1) Disposal	9,704,520.00			86,000.00	38,400.00				9,828,920.00
4.Ending balance	629,792,762.33	50,960,439.11		98,073.32	69,271,709.39	22,859,104.98	3,610,487.37	21,221,422.64	797,813,999.14
II. Accumulated depreciation									
1.Opening balance	127,819,628.23	30,706,005.77		146,185.83	23,973,889.96	7,717,446.37	1,579,325.31	11,362,503.59	203,304,985.06
2.Increase in current period	7,751,455.78	647,855.82		4,291.74	4,769,723.34	386,432.90	54,002.70	1,835,088.27	15,448,850.55
(1) Accrual	7,751,455.78	647,855.82		4,291.74	4,769,723.34	386,432.90	54,002.70	1,835,088.27	15,448,850.55
3.Decrease in current period	1,326,284.40			60,125.09	28,800.00				1,415,209.49
(1)	1,326,284.40			60,125.09	28,800.00				1,415,209.49

Disposal	0			09					9
4. Ending balance	134,244,799.61	31,353,861.59		90,352.48	28,714,813.30	8,103,879.27	1,633,328.01	13,197,591.86	217,338,626.12
III. Impairment provision									
1. Opening balance		5,553,283.54			1,130,341.88				6,683,625.42
2. Increase in current period									
(1) Accrual									
3. Decrease in current period									
(1) Disposal									
4. Ending balance		5,553,283.54			1,130,341.88				6,683,625.42
IV. Book value									
1. Ending book value	495,547,962.72	14,053,293.98		7,720.84	39,426,554.21	14,755,225.71	1,977,159.36	8,023,830.78	573,791,747.60
2. Opening book value	511,677,654.10	14,701,149.80		37,887.49	40,979,620.44	15,141,658.61	2,031,162.06	9,858,919.05	594,428,051.55

Ratio of the intangible assets from internal R&D in balance of intangible assets at period-end

(2) Land use rights without certificate of ownership

Unit: RMB/CNY

Item	Book value	Reasons for without the property certification
Land use rights	7,849,990.00	Still in process

Other explanation:

27. Expense on research and development

Unit: RMB/CNY

Item	Opening balance	Increase in current period			Decrease in current period			Ending balance
		Internal development expenditure	Other		Confirmed as intangible assets	Transfer to current gains/losses		
Total								

Other explanation

28. Goodwill

(1) Goodwill original book value

Unit: RMB/CNY

The invested entity or matters forming goodwill	Opening balance	Increase in current period		Decrease in current period		Ending balance
		Formed by business combination		Disposal		
Wuhan Jiacheng Biotechnology Co., Ltd	1,953,790.56					1,953,790.56
Yunnan Pu'er Tea Trading Center Co., Ltd.	673,940.32					673,940.32
Total	2,627,730.88					2,627,730.88

(2) Goodwill impairment provision

Unit: RMB/CNY

The invested entity or matters forming goodwill	Opening balance	Increase in current period		Decrease in current period		Ending balance
		Accrual		Disposal		

Wuhan Jiacheng Biotechnology Co., Ltd					
Yunnan Pu'er Tea Trading Center Co., Ltd.	673,940.32				673,940.32
Total	673,940.32				673,940.32

Relevant information about the assets group or portfolio goodwill included

In May 2016, Ju Fang Yong Holdings, a sub-subsidiary of the Company, acquired 15.00% equity in Pu'er Tea Trading Center held by Yunnan Hengfengxiang Investment Co., Ltd. After the completion of the acquisition, the Company has control over the Pu'er Tea Trading Center. The difference between the combined cost and the fair value of net identifiable assets on the combination date formed goodwill of 673,940.32 yuan. As of December 31, 2022, the full provision for impairment had been made.

The Company invested in the purchase of 51.00% equity in Wuhan Jiacheng in August 2021. After the completion of the purchase, the Company has control over Wuhan Jiacheng. The difference between the combined cost and the fair value of the net identifiable assets on the combination date formed goodwill of 1,953,790.56 yuan.

Instructions for goodwill impairments test process and key parameters (such as the forecast period growth rate, stable period growth rate, profit rate, discount rate, and forecast period when estimating the present value of the future cash flow), and the method of confirming the impairment loss of goodwill:

Impact of goodwill impairment test

Other explanation

29. Long-term expenses to be apportioned

Unit: RMB/CNY

Item	Opening balance	Increase in current period	Current amortization	Other decreased	Ending balance
Improve expenditure for fix assets	17,631,951.68	899,886.45	1,597,709.68		16,934,128.45
Decoration fee	10,603,371.12	1,940,124.85	1,951,933.16		10,591,562.81
Improve expenditure for investment real estate	244,962.81	0.00	41,796.24		203,166.57
Other	4,595,964.29	1,223,426.25	1,228,900.48		4,590,490.06
Total	33,076,249.90	4,063,437.55	4,820,339.56		32,319,347.89

Other explanation

30. Deferred income tax asset /Deferred income tax liabilities

(1) Deferred income tax assets not offset

Unit: RMB/CNY

Item	Ending balance		Opening balance	
	Deductible temporary differences	Deferred income tax asset	Deductible temporary differences	Deferred income tax asset
Impairment provision for assets	61,675,370.48	14,436,509.98	61,591,107.94	14,415,444.33
Unrealized profits in internal transactions	2,854,626.87	428,194.03	3,044,122.07	456,618.31
Right-of-use asset	3,305,416.87	495,812.53	3,305,416.87	495,812.53
Credit impairment loss	101,320,605.30	24,846,382.48	101,461,154.87	24,872,591.18
Total	169,156,019.52	40,206,899.02	169,401,801.75	40,240,466.35

(2) Deferred income tax liability not offset

Unit: RMB/CNY

Item	Ending balance		Opening balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Asset evaluation increment of enterprise combine under different control	58,191,956.35	13,175,090.14	59,019,394.01	13,381,949.47
Total	58,191,956.35	13,175,090.14	59,019,394.01	13,381,949.47

(3) Deferred income tax assets and deferred income tax liabilities listed after off-set

Unit: RMB/CNY

Item	Trade-off between the deferred income tax assets and liabilities	Ending balance of deferred income tax assets or liabilities after off-set	Trade-off between the deferred income tax assets and liabilities at period-begin	Opening balance of deferred income tax assets or liabilities after off-set
Deferred income tax asset		40,206,899.02		40,240,466.35
Deferred income tax liabilities		13,175,090.14		13,381,949.47

(4) Details of uncertain deferred income tax assets

Unit: RMB/CNY

Item	Ending balance	Opening balance
------	----------------	-----------------

(5) Deductible losses of un-recognized deferred income tax assets expiring in following years

Unit: RMB/CNY

Year	Ending amount	Opening amount	Note
------	---------------	----------------	------

Other explanation:

31. Other non-current asset

Unit: RMB/CNY

Item	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Prepaid for equipment	122,351.00		122,351.00	122,351.00		122,351.00
Prepaid for system	8,042,996.21		8,042,996.21	8,831,064.90		8,831,064.90
Total	8,165,347.21		8,165,347.21	8,953,415.90		8,953,415.90

Other explanation:

32. Short-term loans

(1) By category

Unit: RMB/CNY

Item	Ending balance	Opening balance
Mortgage loan	12,500,000.00	
Guaranteed loan	10,000,000.00	10,015,277.78
Loan in credit	1,700,265,009.74	1,182,195,809.59
Total	1,722,765,009.74	1,192,211,087.37

Explanation on category of short-term loans:

(2) Overdue and unpaid short-term loans

The overdue and unpaid short-term loans was 0.00 yuan at period-end, including follow major amount:

Unit: RMB/CNY

Borrower	Ending balance	Loan rate	Overdue time	Overdue interest
----------	----------------	-----------	--------------	------------------

Other explanation:

33. Tradable financial liability

Unit: RMB/CNY

Item	Ending balance	Opening balance
Tradable financial liability		288,486.18
Including:		
Including:		
Total		288,486.18

Other explanation:

34. Derivative financial liability

Unit: RMB/CNY

Item	Ending balance	Opening balance
------	----------------	-----------------

Other explanation:

35. Note payable

Unit: RMB/CNY

Category	Ending balance	Opening balance
Total	0.00	0.00

Notes expiring at year-end not repaid was 0.00 yuan.

36. Account payable

(1) Account payable

Unit: RMB/CNY

Item	Ending balance	Opening balance
Trade accounts payable	121,772,060.04	193,989,937.97
Account payable for engineering	184,904,322.21	196,037,079.96
Other	3,734,149.89	122,000.20
Total	310,410,532.14	390,149,018.13

(2) Major accounts payable with age over one year

Unit: RMB/CNY

Item	Ending balance	Reasons of outstanding or carry-over
------	----------------	--------------------------------------

Other explanation:

37. Accounts received in advance

(1) Accounts received in advance

Unit: RMB/CNY

Item	Ending balance	Opening balance
Other	1,047,894.08	1,355,802.01
Total	1,047,894.08	1,355,802.01

(2) Important account received in advance with account age over one year

Unit: RMB/CNY

Item	Ending balance	Reasons of outstanding or carry-over
------	----------------	--------------------------------------

38. Contractual liabilities

Unit: RMB/CNY

Item	Ending balance	Opening balance
Sales price	83,528,485.53	110,177,908.96
Total	83,528,485.53	110,177,908.96

Amount and reasons for important changes in book value in the period

Unit: RMB/CNY

Item	Amount changed	Reasons of changes
------	----------------	--------------------

39. Wage payable

(1) Wage payable

Unit: RMB/CNY

Item	Opening balance	Increase in current period	Decrease in current period	Ending balance
I. Short-term compensation	324,402,647.33	119,277,936.40	235,936,979.40	207,743,604.33

II. After-service welfare-defined contribution plans	13,955,184.50	10,419,391.48	6,884,250.09	17,490,325.89
III. Dismissed welfare	876,674.60	53,818.08	169,768.08	760,724.60
Total	339,234,506.43	129,751,145.96	242,990,997.57	225,994,654.82

(2) Short-term compensation

Unit: RMB/CNY

Item	Opening balance	Increase in current period	Decrease in current period	Ending balance
1. Wage, bonus, allowance and subsidy	315,645,971.54	101,050,143.68	217,400,240.11	199,295,875.11
2. Employees' welfare	798,260.16	4,420,819.87	5,107,404.79	111,675.24
3. Social insurance charges	373,330.56	3,062,745.86	3,095,397.52	340,678.90
Including: medical insurance premium	330,963.19	2,592,471.16	2,620,838.53	302,595.82
Work injury insurance premiums	8,429.56	117,375.20	119,316.68	6,488.08
Maternity insurance premiums	33,937.81	174,028.80	176,371.61	31,595.00
Others		178,870.70	178,870.70	
4. Housing public reserve	50,807.20	7,170,360.42	7,187,951.01	33,216.61
5. Trade union fee and education fee	7,534,277.87	3,573,866.57	3,145,985.97	7,962,158.47
Total	324,402,647.33	119,277,936.40	235,936,979.40	207,743,604.33

(3) Defined contribution plans

Unit: RMB/CNY

Item	Opening balance	Increase in current period	Decrease in current period	Ending balance
1. Basic endowment insurance premiums	350,358.14	6,736,807.36	6,774,359.35	312,806.15
2. Unemployment insurance premiums	10,256.72	95,094.94	97,922.92	7,428.74
3. Enterprise annuity	13,594,569.64	3,587,489.18	11,967.82	17,170,091.00
Total	13,955,184.50	10,419,391.48	6,884,250.09	17,490,325.89

Other explanation:

40. Taxes payable

Unit: RMB/CNY

Item	Ending balance	Opening balance
VAT	2,783,121.12	4,549,095.77
Enterprise income tax	14,591,664.28	59,136,130.15
Personal income tax	16,645,246.11	3,246,378.11
Urban maintenance and construction tax	125,690.00	254,333.53
Property tax	5,793,357.40	1,333,445.64
Stamp tax	465,033.16	1,175,093.10
Deed tax	664,227.84	664,227.84
Use tax of land	694,811.34	190,127.68
Educational surtax	83,846.44	185,644.26
Other	112,576.26	4,908.73
Total	41,959,573.95	70,739,384.81

Other explanation:

41. Other account payable

Unit: RMB/CNY

Item	Ending balance	Opening balance
Dividend payable	2,933,690.04	2,933,690.04
Other account payable	276,914,857.27	296,860,258.44
Total	279,848,547.31	299,793,948.48

(1) Interest payable

Unit: RMB/CNY

Item	Ending balance	Opening balance

Major overdue interest:

Unit: RMB/CNY

Borrower	Overdue amount	Overdue causes

Other explanation:

(2) Dividend payable

Unit: RMB/CNY

Item	Ending balance	Opening balance

Common stock dividend	2,933,690.04	2,933,690.04
Total	2,933,690.04	2,933,690.04

Other explanation, including important dividend payable which hasn't been paid over one year, disclose reasons for not paying.

(3) Other account payable

1) By nature

Unit: RMB/CNY

Item	Ending balance	Opening balance
Engineering quality retention money and fund of tail	13,310,715.53	1,360,325.16
Deposit and margin	52,995,465.13	73,717,653.72
Intercourse funds and other	209,382,260.30	212,410,539.40
Accrued expense	1,226,416.31	9,371,740.16
Total	276,914,857.27	296,860,258.44

2) Significant other account payable with over one year age

Unit: RMB/CNY

Item	Ending balance	Reasons of outstanding or carry-over
------	----------------	--------------------------------------

Other explanation

Nil

42. Liability held for sale

Unit: RMB/CNY

Item	Ending balance	Opening balance
------	----------------	-----------------

Other explanation:

43. Non-current liabilities due within one year

Unit: RMB/CNY

Item	Ending balance	Opening balance
Lease liabilities due within one year	12,423,019.72	21,770,690.45
Total	12,423,019.72	21,770,690.45

Other explanation:

44. Other current liabilities

Unit: RMB/CNY

Item	Ending balance	Opening balance
Payable refund payment	50,000.00	33,600.00
VAT payable	748,459.45	1,078,519.07
Total	798,459.45	1,112,119.07

Change of short-term bonds payable:

Unit: RMB/CNY

Bonds	Face value	Issuance date	Bonds term	Amount issued	Opening balance	Issued in the period	Accrual interest by face value	Premium and discount amortization	Paid in the period		Ending balance
Total	--	--	--								

Other explanation:

45. Long-term loans

(1) By category

Unit: RMB/CNY

Item	Ending balance	Opening balance
------	----------------	-----------------

Explanation on category of long-term loans:

Other explanation, including interest rate range:

46. Bonds payable

(1) Bonds payable

Unit: RMB/CNY

Item	Ending balance	Opening balance
------	----------------	-----------------

(2) Changes of bonds payable (not including the other financial instrument of preferred stock and perpetual capital securities that classify as financial liability)

Unit: RMB/CNY

Bonds	Face value	Issuance date	Bonds term	Amount issued	Opening balance	Issued in the period	Accrual interest by face value	Premium and discount amortization	Paid in the period		Ending balance
Total	--										

(3) Convertible conditions and time for shares transfer for the convertible bonds

(4) Other financial instruments classified as financial liability

Basic information of the outstanding preferred stock and perpetual capital securities at period-end

Changes of outstanding preferred stock and perpetual capital securities at period-end

Unit: RMB/CNY

Outstanding financial instrument	Period-beginning		Increase in current period		Decrease in current period		Period-end	
	Amount	Book value	Amount	Book value	Amount	Book value	Amount	Book value

Explanation on the basis for classifying other financial instrument into financial liability

Other explanation

47. Lease liability

Unit: RMB/CNY

Item	Ending balance	Opening balance
Lease payments	75,524,289.72	88,673,874.53
Unrecognized financing charges	-4,933,834.29	-6,466,304.42
Lease liabilities due within one year	-12,423,019.72	-21,770,690.45
Total	58,167,435.71	60,436,879.66

Other explanation

48. Long-term account payable

Unit: RMB/CNY

Item	Ending balance	Opening balance
Special account payable	17,843,224.46	17,620,572.48
Total	17,843,224.46	17,620,572.48

(1) By nature

Unit: RMB/CNY

Item	Ending balance	Opening balance
------	----------------	-----------------

Other explanation:

(2) Special account payable

Unit: RMB/CNY

Item	Opening balance	Increase in current period	Decrease in current period	Ending balance	Causes
Depreciation fund for grain deposits	16,328,757.48	222,651.98		16,551,409.46	
Shenzhen Hospital Phase III Housing Expropriation Property Rights Exchange	1,291,815.00			1,291,815.00	
Total	17,620,572.48	222,651.98		17,843,224.46	

Other explanation:

49. Long-term wage payable

(1) Long-term wage payable

Unit: RMB/CNY

Item	Ending balance	Opening balance
Total	0.00	0.00

(2) Changes of defined benefit plans

Present value of the defined benefit plans:

Unit: RMB/CNY

Item	Current Period	Last Period
------	----------------	-------------

Scheme assets:

Unit: RMB/CNY

Item	Current Period	Last Period
------	----------------	-------------

Net liability (assets) of the defined benefit plans

Unit: RMB/CNY

Item	Current Period	Last Period
------	----------------	-------------

Content of defined benefit plans and relevant risks, impact on future cash flow of the Company as well as times and uncertainty:

Major actuarial assumption and sensitivity analysis:

Other explanation:

50. Accrual liabilities

Unit: RMB/CNY

Item	Ending balance	Opening balance	Causes
External guarantee	3,500,000.00	3,500,000.00	
Total	3,500,000.00	3,500,000.00	--

Other explanation, including relevant important assumptions and estimation:

According to the civil judgment made by the Shenzhen Intermediate People's Court, in the disputes over loan contract between Changzhou Shenbao Chacang E-business Co., Ltd. and Shenzhen Agricultural Products Financing Guarantee Co., Ltd., the Company shall assume joint and several liabilities for repayment of the debts of Changzhou Shenbao Chacang E-business Co., ltd. within the scope of 3.5 million yuan.

51. Deferred income

Unit: RMB/CNY

Item	Opening balance	Increase in current period	Decrease in current period	Ending balance	Causes
Government grant	87,077,137.27	10,684,288.27	2,589,662.46	95,171,763.08	
Total	87,077,137.27	10,684,288.27	2,589,662.46	95,171,763.08	--

Item involved with government grants:

Unit: RMB/CNY

Liability	Opening balance	New grants in the Period	Amount reckoned in non-operation revenue	Amount reckoned in other income	Cost reduction in the period	Other changes	Ending balance	Assets-related/income-related
Intelligent management of grain depot based on mobile internet	66,666.48			66,666.48				Assets-related
Special funds for intelligent upgrading and	5,332,083.43			477,499.98			4,854,583.45	Assets-related

transformation of grain warehouse “Grain Safety Project”								
Government central financial funds	4,707,783.99			755,965.32			3,951,818.67	Assets-related
Special fund for the development of strategic emerging industries in Shenzhen	2,134,056.71	2,829,760.00		175,604.52			4,788,212.19	Assets-related
Industrialization of instant tea powder	1,298,353.15	2,554,580.00		98,222.94			3,754,710.21	Assets-related
Subsidies for industrial technological advancement to the enterprise whose technology center is a municipal R&D center	1,171,203.01	1,893,600.00		102,012.24			2,962,790.77	Assets-related
Grant for key technology research and industrialization of instant tea powder	96,031.25	164,955.27		7,122.48			253,864.04	Assets-related
Construction of O2O community sales service system for high quality grain and oil based on B2C E-commerce platform	1,645,328.02			10,000.02			1,635,328.00	Assets-related
Grain storage project of Dongguan Shenliang Logistics Co., Ltd. - Storage A	7,193,389.35			131,128.56			7,062,260.79	Assets-related
Phase II of grain	28,843,497.44			515,			28,327,847.1	Assets-rel

storage project of Dongguan Shenliang Logistics Co., Ltd.- Storage B				650.26			8	ated
Grain, oil and food headquarters and innovative public service platform of Dongguan Shenliang Logistics Co., Ltd.	18,000,000.00						18,000,000.00	Assets-related
Construction of 450,000 ton silos and 60,000 ton film silos -CDE warehouse, gas storage bin	16,588,744.44			249,789.66			16,338,954.78	Assets-related
Functional red yeast new workshop technical renovation project of Hubei Jiacheng Biotechnology Co., Ltd		3,241,393.00					3,241,393.00	Assets-related

Other explanation:

52. Other non-current liabilities

Unit: RMB/CNY

Item	Ending balance	Opening balance
Total	0.00	0.00

Other explanation:

53. Share capital

Unit: RMB/CNY

	Opening balance	Increased (decreased) in this year(+/-)					Ending balance
		New shares issued	Bonus shares	Shares converted from public reserve	Other	Subtotal	

Total shares	1,152,535,254. 00						1,152,535,254. 00
--------------	----------------------	--	--	--	--	--	----------------------

Other explanation:

54. Other equity instrument

(1) Basic information of the outstanding preferred stock and perpetual capital securities at period-end

(2) Changes of outstanding preferred stock and perpetual capital securities at period-end

Unit: RMB/CNY

Outstanding financial instrument	Period-beginning		Increase in current period		Decrease in current period		Period-end	
	Quantity	Book value	Quantity	Book value	Quantity	Book value	Quantity	Book value

Explanation on changes in other equity instrument, reasons for changes and relevant accounting treatment basis:

Other explanation:

55. Capital reserve

Unit: RMB/CNY

Item	Opening balance	Increase in current period	Decrease in current period	Ending balance
Capital premium (Share capital premium)	1,250,743,274.79			1,250,743,274.79
Other capital reserve	8,896,381.86			8,896,381.86
Total	1,259,639,656.65			1,259,639,656.65

Other instructions, including changes in the current period, reasons for changes:

56. Treasury stock

Unit: RMB/CNY

Item	Opening balance	Increase in current period	Decrease in current period	Ending balance
------	-----------------	----------------------------	----------------------------	----------------

Other explanation, including changes and reason for changes:

57. Other comprehensive income

Unit: RMB/CNY

Item	Opening	Current Period	Ending
------	---------	----------------	--------

balance	Account before income tax in the period	Less: written in other comprehensive income in previous period and carried forward to gains/losses in current period	Less: written in other comprehensive income in previous period and carried forward to retained earnings in current period	Less : income tax expense	Attributable to parent company after tax	Attributable to minority shareholders after tax	balance
---------	---	--	---	---------------------------	--	---	---------

Other explanation, including the active part of the hedging gains/losses of cash flow transfer to initial reorganization adjustment for the arbitrated items:

58. Reasonable reserve

Unit: RMB/CNY

Item	Opening balance	Increase in current period	Decrease in current period	Ending balance
Work safety fee	220,301.70	880,675.98	707,753.17	393,224.51
Total	220,301.70	880,675.98	707,753.17	393,224.51

Other explanation, including changes in current period and reason for changes:

59. Surplus public reserve

Unit: RMB/CNY

Item	Opening balance	Increase in current period	Decrease in current period	Ending balance
Statutory surplus reserves	439,624,164.67			439,624,164.67
Total	439,624,164.67			439,624,164.67

Other explanation, including changes in current period and reasons for changes:

60. Retained profit

Unit: RMB/CNY

Item	Current period	Last period
Retained profit at the end of the previous year before adjustment	1,910,954,084.79	1,812,541,701.27
Retained profit at the beginning of the year after adjustment	1,910,954,084.79	1,812,541,701.27
Add: net profit attributable to shareholder of parent company	168,149,768.31	420,594,871.27
Less: withdrawal of legal surplus reserve		34,048,674.25
Common stock dividends payable	288,133,813.50	288,133,813.50

Retained profit at period-end	1,790,970,039.60	1,910,954,084.79
-------------------------------	------------------	------------------

Details about adjusting the retained profits at the beginning of the period:

- 1) Due to the retroactive adjustments to Accounting Standards for Business Enterprises and its relevant new regulations, the retained profit at the beginning of the period was affected by 0.00 yuan.
- 2) Due to changes in accounting policies, the retained profit at the beginning of the period was affected by 0.00 yuan.
- 3) Due to major accounting error correction, the retained profit at the beginning of the period was affected by 0.00 yuan.
- 4) Due to changes in merge scope caused by the same control, the retained profits at the beginning of the period was affected by 0.00 yuan.
- 5) Due to other adjustments, the retained profits at the beginning of the period was affected by 0.00 yuan.

61. Operating income and operating cost

Unit: RMB/CNY

Item	Current period		Last period	
	Income	Cost	Income	Cost
Main business	2,831,155,949.83	2,356,767,116.63	4,337,091,078.42	3,774,554,176.15
Other business	840,851.99	671,590.94	953,449.93	1,271,449.66
Total	2,831,996,801.82	2,357,438,707.57	4,338,044,528.35	3,775,825,625.81

Information relating to revenue:

Unit: RMB/CNY

Category	Branch 1	Branch 2		Total
Product types				
Including:				
Classification by business area				
Including:				
Market or customer type				
Including:				
Contract types				
Including:				
Classification by time of goods transfer				

Including:				
Classification by contract duration				
Including:				
Classification by sales channel				
Including:				
Total				

Information relating to performance obligations:

Nil

Information related to the transaction price apportioned to the remaining performance obligations:

The amount of income corresponding to the performance obligations that have been signed at the end of this reporting period but have not yet begun or have not been completed is 83,528,486.00 yuan, among them, 83,528,486.00 yuan of revenue is expected to be recognized in one year.

Other explanation

62. Tax and surcharges

Unit: RMB/CNY

Item	Current period	Last period
Urban maintenance and construction tax	707,839.53	895,956.94
Education surcharges	514,033.21	679,527.61
Resource tax	12,486.15	
Property tax	5,465,817.42	5,248,155.88
Use tax of land	1,057,091.18	1,110,186.75
Vehicle and vessel use tax	8,618.40	11,504.16
Stamp duty	1,041,352.09	1,098,343.62
Other	23,851.07	6,810.95
Total	8,831,089.05	9,050,485.91

Other explanation:

63. Sales expenses

Unit: RMB/CNY

Item	Current period	Last period
------	----------------	-------------

Labor and social security benefits	46,585,880.47	50,753,585.91
Port terminal fee	6,403,280.39	716,873.62
Warehousing, loading and unloading fees	4,495,439.50	1,731,511.87
Depreciation and amortization of long-term assets	7,597,306.09	6,945,867.51
Equivalent loss for low value perishable goods	-1,471,258.29	1,795,020.01
Utilities and office expenses	4,317,153.38	5,073,994.09
After-sale services	3,981,193.46	5,310,993.88
Rental fee	122,357.08	2,387,092.62
Advertisement charge	151,566.61	444,896.32
Travel expenses	1,272,102.59	489,966.51
Business hospitality expenses	870,284.53	600,487.33
Property insurance premium	315,312.65	412,474.71
Logistics transportation fee	200,017.78	1,016,601.52
Sales commission		231,142.82
Automobile expenses	161,425.43	98,335.07
Other	6,079,182.41	1,322,237.90
Total	81,081,244.08	79,331,081.69

Other explanation:

64. Administration expenses

Unit: RMB/CNY

Item	Current period	Last period
Labor and social security benefits	68,054,624.17	87,350,621.59
Depreciation and amortization of long-term assets	21,180,508.17	19,952,461.81
Office expenses	3,240,787.25	5,602,580.56
Intermediary agency fee	2,520,013.55	3,139,405.86
Rental fee	100,321.82	310,642.57
Travel expenses	926,931.47	403,109.35
Communication fee	743,873.40	707,182.05
Business hospitality	441,096.09	413,778.48
Vehicle usage fee	531,242.62	492,876.00

Relocation and shutdown costs		412,506.76
Repair cost	211,610.40	183,270.55
Low-value consumables	25,815.93	84,958.94
Other	6,680,190.17	6,578,147.22
Total	104,657,015.04	125,631,541.74

Other explanation:

65. R&D expenses

Unit: RMB/CNY

Item	Current period	Last period
Labor and social security benefits	5,658,800.71	6,716,359.32
Depreciation cost	1,459,851.71	1,998,043.41
Materials consumption	1,079,631.78	592,590.41
Travel expenses	368,211.91	139,106.57
Maintenance and inspection fee	33,552.42	102,772.23
Office expenses	336,015.10	362,891.74
Intermediary fees	56,115.10	62,832.83
Automobile expenses		199.50
Other	440,566.51	162,381.76
Total	9,432,745.24	10,137,177.77

Other explanation:

66. Financial expenses

Unit: RMB/CNY

Item	Current period	Last period
Interest expenses	20,495,411.83	27,256,521.87
Less: Interest income	315,939.31	1,233,894.54
Exchange gains or loss	253,349.64	-335,848.25
Other	375,293.18	2,322,849.37
Total	20,808,115.34	28,009,628.45

Other explanation:

67. Other income

Unit: RMB/CNY

Sources	Current Period	Last Period
Government grant related to assets		
Government grant related to income		
Input tax deduction	1,189,220.31	258,853.31
Handling fees for withholding personal income tax	383,734.35	287,394.38
Direct reduction of value-added tax		7,091.04
Government grant	4,215,117.48	7,465,486.58
Other		11,418.67
Total	5,788,072.14	8,030,243.98

68. Investment income

Unit: RMB/CNY

Item	Current period	Last period
Long-term equity investment income measured by equity	-705,464.09	-535,079.99
Financial products	3,107,648.76	3,573,445.74
Total	2,402,184.67	3,038,365.75

Other explanation:

69. Net exposure hedge gains

Unit: RMB/CNY

Item	Current period	Last period
------	----------------	-------------

Other explanation:

70. Income of fair value changes

Unit: RMB/CNY

Sources	Current Period	Last Period
Tradable financial assets	-113,524.84	221,889.46
Tradable financial liabilities	288,486.18	
Total	174,961.34	221,889.46

Other explanation:

71. Credit impairment loss

Unit: RMB/CNY

Item	Current period	Last period
Loss of bad debt of other account receivable	613,567.64	5,099.80
Loss of bad debt of account receivable	56,679.59	240,756.21
Total	670,247.23	245,856.01

Other explanation:

72. Assets impairment loss

Unit: RMB/CNY

Item	Current period	Last period
II. Inventory price drop loss and contract performance cost impairment loss	-46,633,952.80	-81,499,450.86
Total	-46,633,952.80	-81,499,450.86

Other explanation:

73. Income from assets disposal

Unit: RMB/CNY

Sources	Current Period	Last Period
Profit and loss on disposal of non-current assets	1,587,775.37	

74. Non-operating income

Unit: RMB/CNY

Item	Current period	Last period	Amount included in the current extraordinary gains/losses
Gains from non-monetary asset exchange		84,111.74	
Other	147,404.53	358,293.46	147,404.53
Liquidated damages compensation income	191,240.00	690,612.11	191,240.00
Total	338,644.53	1,133,017.31	338,644.53

Government grants reckoned into current gains/losses:

Unit: RMB/CNY

Grants	Issuing subject	Issuing cause	Property type	Whether the impact of subsidies on the current gains/losses	Whether special subsidies	Amount of this period	Amount of last period	Assets related/Income related
--------	-----------------	---------------	---------------	---	---------------------------	-----------------------	-----------------------	-------------------------------

Other explanation:

75. Non-operating expenditure

Unit: RMB/CNY

Item	Current period	Last period	Amount included in the current non-recurring profit and loss
External donations		39,545.29	
Loss of scrap from non-current assets	40,437.67	6,686.73	40,437.67
Other	154,778.82	20,901.95	154,778.82
Total	195,216.49	67,133.97	195,216.49

Other explanation:

76. Income tax expense

(1) Income tax expense

Unit: RMB/CNY

Item	Current period	Last period
Current income tax expenses	12,023,380.41	3,110,846.12
Deferred income tax expenses	-139,471.71	-152,179.71
Other	34,334,038.75	
Total	46,217,947.45	2,958,666.41

(2) Adjustment process of accounting profit and income tax expenses

Unit: RMB/CNY

Item	Current Period
Total profit	213,880,601.49
Income tax expenses calculated by statutory/applicable tax rate	53,470,150.37
Impact from different tax rate applicable with subsidiaries	-222,880.68
Effect of adjusting income tax in the previous period	34,334,038.75
Impact of non taxable income	-92,226,659.00
Impact of cost, expenses and losses unable to be deducted	19,824,452.61
Impact of the use of a previously unrecognized deferred	-1,133,405.49

income tax asset on deductible losses	
Impact of unrecognized deferred income tax assets in current period on deductible temporary differences or deductible losses	32,172,250.89
Income tax expenses	46,217,947.45

Other explanation

77. Other comprehensive income

For more details, refer to notes.

78. Items of cash flow statement

(1) Cash received with other operating activities concerned

Unit: RMB/CNY

Item	Current period	Last period
Intercourse funds and deposit	333,482,963.88	966,296,334.99
Government grants	1,828,301.20	1,500,994.56
Interest income	315,939.31	1,233,894.54
Total	335,627,204.39	969,031,224.09

Note of cash paid with other operating activities concerned:

(2) Cash paid with other operating activities concerned

Unit: RMB/CNY

Item	Current period	Last period
Intercourse funds and deposit	403,829,430.09	983,321,525.67
Operating daily expenses	37,196,560.20	38,737,048.77
Other	2,062,442.54	7,805,198.84
Total	443,088,432.83	1,029,863,773.28

Note of cash paid with other operating activities concerned:

(3) Cash received with other investment activities concerned

Unit: RMB/CNY

Item	Current period	Last period
Other		154.49
Total		154.49

Note of cash received with other investment activities concerned:

(4) Cash paid related with investment activities

Unit: RMB/CNY

Item	Current period	Last period
Other	3,784,107.76	928.80
Total	3,784,107.76	928.80

Note of cash paid related with investment activities:

(5) Cash received with other financing activities concerned

Unit: RMB/CNY

Item	Current period	Last period
------	----------------	-------------

Note of cash received with other financing activities concerned:

(6) Other cash paid related with financing activities

Unit: RMB/CNY

Item	Current period	Last period
Operating lease rent paid	9,650,074.57	9,528,424.77
Total	9,650,074.57	9,528,424.77

Note of other cash paid related with financing activities:

79. Supplementary information to statement of cash flow

(1) Supplementary information to statement of cash flow

Unit: RMB/CNY

Supplementary information	Current period	Last period
1. Net profit adjusted to cash flow of operation activities:	--	--
Net profit	167,662,654.04	238,203,108.25
Add: Impairment provision for assets	45,963,705.57	81,253,594.85
Depreciation of fixed assets, consumption of oil assets and depreciation of productive biology assets	56,724,826.02	54,905,296.21
Depreciation of right-of-use assets	11,088,321.52	10,700,326.09
Amortization of intangible assets	15,448,850.55	14,629,292.57

Amortization of long-term pending expenses	4,063,437.55	3,966,556.35
Loss from disposal of fixed assets, intangible assets and other long-term assets (income is listed with “-”)	-1,587,775.37	-570.00
Losses on scrapping of fixed assets (income is listed with “-”)		6,686.73
Loss from change of fair value (income is listed with “-”)	113,524.84	-221,889.46
Financial expenses (income is listed with “-”)	19,324,823.46	26,920,673.62
Investment loss (income is listed with “-”)	-3,107,648.76	-3,038,365.75
Decrease of deferred income tax assets (increase is listed with “-”)	33,567.33	-68,306.74
Increase of deferred income tax asset (increase is listed with “-”)	-206,859.33	-206,858.71
Decrease of inventory (increase is listed with “-”)	-22,562,750.54	-233,168,543.50
Decrease of operating receivable accounts (increase is listed with “-”)	56,159,006.78	99,277,098.55
Increase of operating payable accounts (decrease is listed with “-”)	-265,614,331.45	-32,784,596.20
Other		
Net cash flow arising from operating activities	83,503,352.21	260,373,502.86
2. Material investment and financing not involved in cash flow		
Conversion of debt into capital		
Convertible company bonds due within one year		
Financing lease of fixed assets		
3. Net change of cash and cash equivalents:		
Ending balance of cash	100,112,129.74	71,460,681.82
Less: beginning balance of cash	53,095,469.26	49,370,080.20
Add: ending balance of cash equivalents		
Less: beginning balance of cash		

equivalents		
Net increasing of cash and cash equivalents	47,016,660.48	22,090,601.62

(2) Net cash paid for obtaining subsidiary in the Period

Unit: RMB/CNY

	Amount
Including:	
Including	
Including:	

Other explanation:

(3) Net cash received by disposing subsidiary in the Period

Unit: RMB/CNY

	Amount
Including:	
Including:	
Including:	

Other explanation:

(4) Component of cash and cash equivalent

Unit: RMB/CNY

Item	Ending balance	Opening balance
I. Cash	100,112,129.74	53,095,469.26
Including: Cash on hand	247,140.34	69,686.00
Bank deposit available for payment at any time	98,784,730.91	52,829,469.15
Other monetary fund available for payment at any time	1,080,258.49	196,314.11
III. Ending balance of cash and cash equivalent	100,112,129.74	53,095,469.26

Other explanation:

80. Notes of changes of owners' equity

Explain the name and adjusted amount in "Other" items that have been adjusted to the ending balance of the previous year.

81. Assets with ownership or use right restricted

Unit: RMB/CNY

Item	Ending book value	Reasons for restriction
Money funds	1,595,309.92	Guarantee deposit and credit deposit, etc.
Total	1,595,309.92	--

Other explanation:

82. Foreign currency monetary items

(1) Foreign currency monetary items

Unit: RMB/CNY

Item	Ending foreign currency balance	Convert rate	Ending RMB balance converted
Monetary fund			830,939.40
Including: USD	114,402.58	7.2258	826,650.16
EURO	30.39	7.8771	239.39
HKD	4,392.46	0.9220	4,049.85
Account receivable			828,688.88
Including: USD	98,025.87	7.2258	708,315.33
EURO			
HKD	130,557.00	0.9220	120,373.55
Long-term loans			
Including: USD			
EURO			
HKD			

Other explanation:

(2) Explanation on foreign operational entity, including as for the major foreign operational entity, disclosed main operation place, book-keeping currency and basis for selection; if the book-keeping currency is changed, explain reasons

Applicable Not applicable

83. Hedging

Disclose hedging items and relevant hedging instrument, qualitative and quantitative information for the arbitrage risks on the basis of hedging category:

84. Government grant

(1) Government grant

Unit: RMB/CNY

Category	Amount	Item	Amount reckoned into current gains/losses
Government subsidies related to assets	95,171,763.08	Deferred income	2,589,662.46
Government subsidies related to income	1,625,455.02	Other income	1,625,455.02

(2) Return of government grant

Applicable Not applicable

Other explanation:

85. Other

VIII. Changes in consolidation range

1. Enterprise merger not under the same control

(1) Enterprise merger not under the same control

Unit: RMB/CNY

Acquiree	Time point for equity obtained	Cost of equity obtained	Ratio of equity obtained	Acquired way Equity obtained way	Purchasing date	Standard to determine the purchasing date	Income of acquiree from purchasing date to period-end	Net profit of acquiree from purchasing date to period-end

Other explanation:

(2) Combination cost and goodwill

Unit: RMB/CNY

Consolidation cost	
--Cash	
--Fair value of non-cash assets	

--Fair value of debts issued or assumed	
--Fair value of equity securities issued	
-- Fair value of contingent consideration	
--Fair value of the equity prior to the purchasing date	
--Other	
Total combination cost	
Less: shares of fair value of identifiable net assets acquired	
Portion of goodwill/merger cost less than the shares of fair value of identifiable net assets acquired	

Explanation of the method for determining the fair value of merger costs, contingent considerations, and their changes:

Main reasons for the formation of large goodwill

Other explanation:

(3) Identifiable assets and liabilities on purchasing date under the acquiree

Unit: RMB/CNY

	Fair value on purchasing date	Book value on purchasing date
Assets:		
Monetary funds		
Account receivable		
Inventory		
Fixed assets		
Intangible assets		
Liability:		
Loan		
Account payable		
Deferred tax liabilities		
Net assets		
Less: Minority interests		
Net assets acquired		

Determination method for fair value of the identifiable assets and liabilities:

Contingent liabilities assumed by the acquiree in a business merger:

Other explanation:

(4) Gains or losses arising from re-measured by fair value for the equity held before purchasing date

Is there any transaction that achieves business merger through multiple transactions and obtains control during the reporting period?

Yes No

(5) On purchasing date or period-end of the combination, combination consideration or fair value of identifiable assets and liability for the acquiree are unable to confirm rationally

(6) Other explanation

2. Business combination under the same control

(1) Business combination under the same control in the Period

Unit: RMB/CNY

Acquiree	Equity ratio obtained in combination	Basis of combined under the same control	Combination date	Standard to determine the combination date	Income of the combined party from period-begin of combination to the combination date	Net profit of the combined party from period-begin of combination to the combination date	Income of the combined party during the comparison period	Net profit of the combined party during the comparison period

Other explanation:

(2)Combination cost

Unit: RMB/CNY

Consolidation cost	
--Cash	
-- Book value of non-cash assets	
-- Book value of debts issued or assumed	
-- Face value of equity securities issued	
--Contingent consideration	

Explanation on contingent consideration and its changes:

Other explanation:

(3) Book value of the assets and liabilities of the combined party on combination date

Unit: RMB/CNY

	Consolidation date	Ending balance of last period
Assets:		
Monetary funds		
Account receivable		
Inventory		
Fixed assets		
Intangible assets		
Liability:		
Loan		
Account payable		
Net assets		
Less: Minority interests		
Net assets acquired		

Contingent liability of the combined party assumed by the Company during combination:

Other explanation:

3. Reverse purchase

Basic transaction information, basis of counter purchase, whether making up business due to the assets and liability reserved by listed company and basis, determination of combination cost, amount and calculation on adjusted equity by equity transaction:

4. Disposal of subsidiary

Is there any situation where a single disposal of investment in a subsidiary results in loss of control?

Yes No

Is there any situation where investments in subsidiaries are disposed by steps through multiple transactions and control is lost in the current period?

Yes No

5. Other reasons for changes in consolidation range

Consolidation scope changes caused by other reasons (eg, establish new subsidiaries, liquidate subsidiaries, etc.) and the related circumstances:

6. Other

IX. Equity in other entities

1. Equity in subsidiaries

(1) Membership of enterprise group

Subsidiary	Main place of operation	Registration place	Business nature	shareholding ratio ratio		Acquisition way
				Directly	Indirectly	
SZCG	Shenzhen City	Shenzhen City	Grain & oil trading	100.00%		Combine under the same control
Hualian Grain & Oil	Shenzhen City	Shenzhen City	Grain & oil trading		100.00%	Combine under the same control
Shenzhen Flour	Shenzhen City	Shenzhen City	Flour processing		100.00%	Combine under the same control
Shenliang Quality Inspection	Shenzhen City	Shenzhen City	Inspection		100.00%	Combine under the same control
Hainan Grain and Oil	Haikou City	Haikou City	Feed production		100.00%	Combine under the same control
Doximi	Shenzhen City	Shenzhen City	E-commerce		100.00%	Combine under the same control
Big Kitchen	Shenzhen City	Shenzhen City	Sales and processing of grain,oil and relevant products		70.00%	Combine under the same control
Yingkou Storage	Yingkou City	Yingkou City	Storage		100.00%	Combine under the same control
Cold Chain Logistic	Shenzhen City	Shenzhen City	On-line operation of fresh food		100.00%	Combine under the same control
Shenliang Property	Shenzhen City	Shenzhen City	Property development and		100.00%	Combine under the same control

			management			
International Food	Dongguan City	Dongguan City	Port operation, food production		100.00%	Combine under the same control
Dongguan Grain and Oil	Dongguan City	Dongguan City	Food production		100.00%	Combine under the same control
Dongguan Logistics	Dongguan City	Dongguan City	Storage, logistics	49.00%	51.00%	Combine under the same control
Shuangyashan	Shuangyashan City	Shuangyashan City	Construction of food base and development of related complementary facilities		51.00%	Combine under the same control
Shenliang Hongjun	Shenzhen City	Shenzhen City	Catering		51.00%	Establishment
Dongguan Hualian	Dongguan City	Dongguan City	Grain and oil trade		100.00%	Establishment
Shenliang Property Management	Shenzhen City	Shenzhen City	Property management		100.00%	Establishment
Shenbao Huacheng	Shenzhen City	Shenzhen City	Manufacturing	100.00%		Establishment
Wuyuan Ju Fang Yong	Shangrao City	Shangrao City	Manufacturing		100.00%	Establishment
Huizhou Shenbao	Huizhou City	Huizhou City	Comprehensive	100.00%		Establishment
Shenbao Investment	Shenzhen City	Shenzhen City	Investment management	100.00%		Establishment
Shenbao Tea Culture	Shenzhen City	Shenzhen City	Commercial trade		100.00%	Establishment
Shenliang Hongli	Shenzhen City	Shenzhen City	Grain and oil wholesale	100.00%		Establishment
Ju Fang Yong Holding	Hangzhou City	Hangzhou City	Comprehensive		100.00%	Establishment
Fuhaitang Catering	Hangzhou City	Hangzhou City	Catering industry		100.00%	Establishment
Fuhaitang	Hangzhou City	Hangzhou City	Tea planting,		100.00%	Business

Ecology Technology			production and sales			combination not under the same control
Shenbao Rock Tea	Wuyishan City	Wuyishan City	Manufacturing		100.00%	Establishment
Pu'er Tea Supply Chain	Pu'er City	Pu'er City	Wholesale business		100.00%	Establishment
Pu'er Tea Trading Center	Pu'er City	Pu'er City	Service industry		55.00%	Establishment
Shenliang Food	Huizhou City	Shenzhen City	Manufacturing	100.00%		Establishment
Huizhou Shenliang Food	Huizhou City	Huizhou City	Wholesale business		100.00%	Establishment
Zhenpin Market	Shenzhen City	Shenzhen City	Platform construction, promotion, and operation		51.00%	Establishment
Shenbao Industry & Trade	Huizhou City	Shenzhen City	Wholesale business	100.00%		Establishment
Wuhan Jiacheng	Wuhan City	Wuhan City	Food production	51.00%		Combine not under the same control
Hubei Jiacheng	Wuhan City	Wuhan City	Food production		51.00%	Combine not under the same control
Wuhan Hongqu	Wuhan City	Wuhan City	Food production		51.00%	Combine not under the same control
Macheng Jingtian	Macheng City	Macheng City	Food production		51.00%	Combine not under the same control

Explanation on shareholding ratio ratio in subsidiary different from ratio of voting right:

Explanation on basis for controlling the invested entity with half or below voting rights held and without controlling invested entity but with over half and over voting rights:

Explanation on the basis for control the important structured entities included in the consolidation scope:

Basis for determining whether the company is an agent or consignor:

Other explanation:

(2) Important non-wholly-owned subsidiary

Unit: RMB/CNY

Subsidiary	Shareholding ratio	Gains/losses	Dividend announced to	Ending equity of
------------	--------------------	--------------	-----------------------	------------------

	ratio of minority shareholders	attributable to minority shareholders in the Period	distribute for minority shareholders in the Period	minority shareholders
Big Kitchen	30.00%	471,241.12		4,501,895.11

Explanation on the situation where the shareholding ratio of minority shareholders is different from the voting right ratio of minority shareholders:

Other explanation:

(3) Main financial information of the important non-wholly-owned subsidiary

Unit: RMB/CNY

Subsidiary	Ending balance						Opening balance					
	Current assets	Non current assets	Total assets	Current liabilities	Non current liabilities	Total liabilities	Current assets	Non current assets	Total assets	Current liabilities	Non current liabilities	Total liabilities
Big Kitchen	157,341,348.62	4,179,652.49	161,521,001.11	145,768,300.84	746,383.23	146,514,684.07	150,577,065.52	4,403,442.68	154,980,508.20	140,798,611.66	746,383.23	141,544,994.89

Unit: RMB/CNY

Subsidiary	Current Period				Last Period			
	Operating revenue	Net profit	Total comprehensive income	Cash flow from operation activity	Operating revenue	Net profit	Total comprehensive income	Cash flow from operation activity
Big Kitchen	110,913,217.22	1,570,803.73	1,570,803.73	326,599.03	129,580,965.22	2,482,115.69	2,482,115.69	-45,524.08

Other explanation:

(4) Significant restrictions on the use of enterprise group assets and the repayment of debts of the enterprise group

(5) Financial or other support offered to the structured entities included in consolidated financial statements

Other explanation:

2. Transactions where the share of owner's equity in a subsidiary changes while the subsidiary is still controlled

(1) Explanation on changes in owner's equity shares in subsidiary

(2) Impact of such transaction on equity of minority interests and owners' equity attributable to parent company

Unit: RMB/CNY

Purchase cost/disposal consideration	
--Cash	
--Fair value of non-cash assets	
Purchase cost/total disposal consideration	
Less: Subsidiary's share of net assets calculated based on the proportion of acquired/disposed equity	
Difference	
Including: Adjust capital reserve	
Adjust surplus reserve	
Adjust undistributed profit	

Other explanation

3. Equity in joint venture and associated enterprise

(1) Important joint venture or associated enterprise

Joint venture/Associated enterprise	Main place of operation	Registration place	Business nature	Shareholding ratio		Accounting treatment on investment in joint venture and associated enterprise
				Directly	Indirectly	
Zhuhai Hengxing Feed Industrial Co., Ltd.	Zhuhai	Zhuhai	Aquatic fee and animal fee		40.00%	Equity method
Shenliang Intelligent Wulian Equity	Shenzhen	Shenzhen	Equity investment; investment		49.02%	Equity method

Investment Fund (Shenzhen) Partnership Enterprise (Limited)			consultant			
---	--	--	------------	--	--	--

Description on situation where the shareholding ratio in joint ventures or associated enterprises is different from the ratio of voting rights:

Description on the basis for holding less than 20% of voting rights but having significant influence, or holding 20% or more of voting rights but having no significant influence.

(2) Main financial information of important joint venture

Unit: RMB/CNY

	Ending balance/Current period		Opening balance/Last period	
Current assets				
Including: cash and cash equivalent				
Non-current assets				
Total assets				
Current liabilities				
Non-current liabilities				
Total liabilities				
Minority interests				
Shareholders' equity attributable to parent company				
Share of net assets calculated by shareholding ratio				
Adjustment items				
--Goodwill				
--Unrealized profit of internal trading				
-- Other				
Book value of equity investment in joint venture				
Fair value of the equity				

investment in joint ventures with public offers concerned				
Operating income				
Financial expenses				
Income tax expenses				
Net profit				
Net profit of discontinuing operation				
Other comprehensive income				
Total comprehensive income				
Dividends received from joint venture in the year				

Other explanation

(3) Main financial information of important associated enterprises

Unit: RMB/CNY

	Ending balance/Current period		Opening balance/Last period	
	Zhuhai Hengxing Feed Industrial Co., Ltd.	Shenliang Intelligent Wulian Equity Investment Fund (Shenzhen) Partnership Enterprise (Limited)	Zhuhai Hengxing Feed Industrial Co., Ltd.	Shenliang Intelligent Wulian Equity Investment Fund (Shenzhen) Partnership Enterprise (Limited)
Current assets	232,080,984.44	20,354,425.32	156,635,317.42	20,190,370.67
Non-current assets	22,673,463.85	33,904,753.98	22,985,162.27	34,651,129.30
Total assets	254,754,448.29	54,259,179.30	179,620,479.69	54,841,499.97
Current liabilities	148,783,655.07	170,000.00	104,136,525.08	
Non-current liabilities	30,308,562.39		353,858.37	
Total liabilities	179,092,217.46	170,000.00	104,490,383.45	
Minority interests				
Equity attributable to shareholder of parent company	75,662,230.83	54,089,179.30	75,130,096.24	54,841,499.97
Share of net assets measured by	30,264,892.34	26,514,515.70	30,052,038.50	26,883,303.29

shareholding				
Adjustment	672,749.90	-177.42	162,707.79	-174.47
--Goodwill				
--Unrealized profit of internal trading				
-- Other	672,749.90	-177.42	162,707.79	-174.47
Book value of equity investment in associated enterprise	30,937,642.24	26,514,338.28	30,214,746.29	26,883,128.82
Fair value of the equity investment of associated enterprise with public offers concerned				
Operating income	267,239,221.76		348,236,616.85	
Net profit	1,868,302.32	-403,077.01	-548,345.35	-574,411.34
Net profit of discontinuing operation				
Other comprehensive income				
Total comprehensive income	1,868,302.32	-403,077.01	-548,345.35	-574,411.34
Dividends received from associated enterprise in the year				

Other explanation

(4) Summary of financial information of unimportant joint venture and associated enterprises

Unit: RMB/CNY

	Ending balance/Current period	Opening balance/Last period
Joint venture:		
Amount based on shareholding ratio ratio		
Associated enterprise:		
Total book value of investment	12,519,090.02	13,578,659.52
Total amount calculated in terms of shareholding ratio ratio		
--Net profit	-2,828,725.22	-371,088.05

--Total comprehensive income	-2,828,725.22	-371,088.05
------------------------------	---------------	-------------

Other explanation

(5) Major limitation on capital transfer ability to the Company from joint venture or associated enterprise

(6) Excess loss occurred in joint venture or associated enterprise

Unit: RMB/CNY

Joint venture/Associated enterprise	Cumulative un-recognized losses	Un-recognized losses not recognized in the Period (or net profit enjoyed in the Period)	Cumulative un-recognized losses at period-end
Changzhou Shenbao Chacang E-business Co., ltd.	9,671,616.17	151,812.60	9,823,428.77
Shenzhen Shichumingmen Catering Management Co., Ltd.	4,815,325.70		4,815,325.70

Other explanation

(7) Unconfirmed commitment related to joint venture investment

(8) Intangible liabilities related to joint venture or associated enterprise investment

4. Major joint operation

Name	Main place of operation	Registration place	Business nature	Shareholding ratio/ shares enjoyed	
				Directly	In-directly

Explanation on situation where shareholding ratio or shares enjoyed in joint operation is different from voting right ratio in joint operation:

Explanation on the classification basis of joint operation in case the entity of joint operation is the separate entity:

Other explanation

5. Equity in structured entities not included in the scope of consolidated financial statements

Explanation:

6. Other

X. Risks relating to financial instruments

Our business operation makes the Company exposed to various financial risks, such as credit risk, liquidity risk and market risk (Including exchange rate risk, interest rate risk and other price risk).

The Company disperses the risk of financial instruments through appropriate diversified investment and business portfolio, and reduces the risk concentrating on a single industry, specific region or specific counterparty by formulating corresponding risk management policies.

1. Credit risk

Credit risk refers to the risk of a financial loss caused by the counter party's failure to fulfill its contractual obligations.

Credit risks of the Company arises mainly from monetary funds, note receivable, account receivable, other receivable, debt investments, financial guarantee contracts, the debt instrument investments measured at fair value and with its variation reckoned in current gain/loss that are not included in the scope of impairment assessment and derivative financial assets, etc. As of the balance sheet date, the carrying value of the financial assets represented its maximum exposure to credit risk;

Monetary funds of the Company are mainly the bank deposits in reputable state-owned banks and other larger and medium-sized listed banks with high credit ratings, and the company believes that it is not exposed to significant credit risks and will hardly incur significant losses due to the bank defaults.

Furthermore, for bill receivable, account receivables and other account receivables, the Company establishes relevant policies to control exposure of credit risk. The Company appraises customers' credit quality based on their financial position, possibility to obtain guarantee from third parties, credit history and other factors such as prevailing market conditions, and set corresponding credit terms. Customers' credit history would be regularly monitored by the Company. For those customers who have bad credit history, the Company will call collection in written form, shorten credit term or cancel credit term to ensure its overall credit risk is under control.

As of June 30, 2023, the account receivable from top five clients accounted for 27.05% of the Company's total account receivable.

The maximum credit risk exposure equals to the carrying value of each financial asset in balance sheet (including derivative financial instrument). The Company has not provided any guarantee which would otherwise make the Company exposed to credit risk except for the financial guarantee carried in Note "X. Related party and related transaction"

2. Liquidity risk

Liquidity risk refers to the risk that a company will run short of funds to meet its obligations settled by delivering cash or other financial assets.

It is the Company's policy to ensure that sufficient cash is available to meet debt obligations as they fall due. Liquidity risk is centrally controlled by the Company's finance department. By monitoring cash balances, readily realizable marketable securities, and rolling forecasts of cash flows for the next 12 months, the finance department ensures that the company has sufficient funds to service its debts under all reasonable forecasts. In addition, it

continues to monitor whether borrowing agreement is complied with, and seeks for commitment from major financial institutions for provision of sufficient back-up fund, so as to satisfy capital requirement in a short and long term.

The financial liabilities of the company are presented as undiscounted contract cash flows at maturity as follows:

Market risk

The market risk of financial instruments refers to the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices, including exchange rate risk, interest rate risk and other price risks.

3.1 Interest risk

Interest rate risk refers to the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market interest rates.

Interest-bearing financial instruments with fixed rates and floating rates expose the Company to fair value interest rate risk and cash flow interest rate risk, respectively. The Company determines the ratio of fixed interest rate instruments to floating interest rate instruments according to the market environment, and maintains an appropriate portfolio of fixed and floating interest rate instruments through regular review and monitoring. When necessary, the Company will use interest rate swap instruments to hedge interest rate risk.

3.2 Exchange rate risk

Exchange rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates.

The Company continuously monitors the foreign currency transactions and the scale of foreign currency assets and liabilities to minimize foreign exchange risks. In addition, the company may also sign forward foreign exchange contracts or currency swap contracts to avoid exchange rate risks. During the current period and the previous period, the Company did not sign any forward foreign exchange contracts or currency swap contracts.

3.3 Other price risk

Other price risk refers to the risk that the fair value or future cash flow of financial instruments will fluctuate due to changes in market prices other than exchange rate risk and interest rate risk.

Other price risk of the Company arises mainly from investment in various types of equity instruments and is exposed to the risks of changes in the prices of equity instruments.

XI. Disclosure of fair value

1. Ending fair value of the assets and liabilities measured by fair value

Unit: RMB/CNY

Item	Ending fair value			
	First level	Second level	Third level	Total
I. Sustaining measured by fair value	--	--	--	--
(i) Tradable financial assets	1,341,657.20		225,488,827.03	226,830,484.23
1. Financial assets measured at fair value and whose changes are included in current profit or loss	1,341,657.20		225,488,827.03	226,830,484.23
(2) Equity instrument investment	1,341,657.20			1,341,657.20
(3) Other			225,488,827.03	225,488,827.03
(iii) Investment in other equity instruments			57,500.00	57,500.00
Total assets sustaining measured by fair value	1,341,657.20		225,546,327.03	226,887,984.23
II. Non-sustaining measured by fair value	--	--	--	--

2. Basis for recognizing the market price of items sustaining and non-persistent measured by fair value on first level

3. The qualitative and quantitative information for the valuation technique and critical parameter of items sustaining and non-persistent measured by fair value on second level

4. The qualitative and quantitative information for the valuation technique and critical parameter of items sustaining and non-persistent measured by fair value on third level

5. For items sustaining measured by fair value on second level, adjustment information between the opening and closing book value and sensitivity analysis of unobservable parameters

6. For items sustaining measured by fair value, describe the reasons for the conversion and the policy for determining the timing of the conversion if there is a conversion between levels in the current period

7. Changes in valuation technology during the current period and reasons for such changes

8. The fair value of financial assets and financial liabilities not measured by fair value

9. Other

XII. Related party and related transactions

1. Parent company

Parent company	Registration place	Business nature	Registered capital	Ratio of shareholding on the Company	Ratio of voting right on the Company
Shenzhen Food Materials Group Co., Ltd	Shenzhen	Investing in industry, development, operation and management of the own property	5,000 million yuan	63.79%	72.02%

Explanation on parent company of the Company

The ultimate controller of the Company is

Other explanation:

2. Subsidiaries of the Company

For more details of subsidiaries of the Company, please refer to “Note IX-Equity in other entities”.

3. Joint venture and associated enterprise of the Company

For more details of important joint venture and associated enterprise of the Company, please refer to “Note V(17)-Long-term equity

investment”.

Other joint venture and associated enterprise that have related transaction with the Company in the Period or that have balance with the Company arising from transaction in last period are described as follows:

Joint venture/Associated enterprise	Relationship with the enterprise
-------------------------------------	----------------------------------

Other explanation

4. Other related party

Other related party	Relationship with the Enterprise
Zhanjiang Changshan (Shenzhen) Ecological Aquaculture Co., Ltd	Wholly-owned subsidiary of parent company
Shenzhen Agricultural Products Group Co., Ltd	Holding subsidiary of parent company
Shenzhen Higreen International Agricultural Products Logistic Management Co., Ltd	Holding subsidiary of parent company
Shenzhen Qianhai Nongmai World E-Commerce Co., Ltd	Holding subsidiary of parent company
Changsha Mawangdui Agricultural Products Co., Ltd.	Holding subsidiary of parent company
Xi'an Moore Agricultural Products Co., Ltd.	Holding subsidiary of parent company
Shenzhen Chinese Cabbage Technology Co., Ltd.	Holding subsidiary of parent company
Shenzhen Qianhai Agricultural Products Exchange Co., Ltd.	Holding subsidiary of parent company
Huizhou Higreen Agricultural Products International Logistics Co., Ltd.	Holding subsidiary of parent company
Chengdu Agricultural Products Center Wholesale Market Co., Ltd.	Holding subsidiary of parent company
Guangxi Higreen Agricultural Products International Logistics Co., Ltd.	Holding subsidiary of parent company
Shenzhen Zhenchu Supply Chain Co., Ltd.	Holding subsidiary of parent company
Shenzhen Medical Materials Co., Ltd.	Holding subsidiary of parent company
Shenzhen Shennong Land Co., Ltd.	Holding subsidiary of parent company
Shenzhen Investment Holdings Co., Ltd.	Former shareholder of the Company, Controlled by the same ultimate controlling party
Shenzhen Investment Management Co., Ltd.	Former shareholder of the Company, Controlled by the same ultimate controlling party
Zhanjiang Haitian Aquatic Feed Co., Ltd	Subsidiaries of the Company's shareholders, controlled by the ultimate controlling party
Shenzhen Shennong Kitchen Co., Ltd	Subsidiaries of the Company's shareholders, controlled by the ultimate controlling party
Shenzhen Agricultural Products E-commerce Co., Ltd	Subsidiaries of the Company's shareholders, controlled by the ultimate controlling party
Shenzhen Higreen Real Estate Co., Ltd	Subsidiaries of the Company's shareholders, controlled by the

	ultimate controlling party
Shenzhen Southern Agricultural Products Logistics Co., Ltd	Subsidiaries of the Company's shareholders, controlled by the ultimate controlling party
Shenzhen Agricultural Products Small Loan Co., Ltd	Subsidiaries of the Company's shareholders, controlled by the ultimate controlling party
Shenzhen Shenliang Cold Transport Co., Ltd.	Holding subsidiaries of the Company's associated enterprise
Yao Jicheng	Minority shareholder of controlling subsidiary
Zhang Tiejun	Minority shareholder of controlling subsidiary

Other explanation

5. Related transaction

(1) Goods purchasing, labor service providing and receiving

Goods purchasing/labor service receiving

Unit: RMB/CNY

Related party	Related transaction content	Current Period	Approved transaction limit	Whether more than the transaction limit (Y/N)	Last Period
Shenzhen Shenliang Cold Transport Co., Ltd.	Warehousing services/Transportation services	137,432.79		N	114,204.50
Shenzhen Shennong Kitchen Co., Ltd	Procurement of goods	852,212.56		N	
Shenzhen Shenyuan Data Tech. Co., Ltd	Information software development	5,091,557.43		N	1,332,904.42

Goods sold/labor service providing

Unit: RMB/CNY

Related party	Content of related transaction content	Current period	Last period
Shenzhen Duoxi Equity Investment Fund Management Co., Ltd.	Grain and oil sales, tea sales, cleaning services	9,433.95	18,984.00
Huizhou Higreen Agricultural Products International Logistics Co., Ltd.	Grain and oil sales	12,361.06	
Shenzhen Agricultural	Grain and oil sales	8,240.71	13,870.00

Products Small Loan Co., Ltd			
Shenzhen Shenliang Cold Transport Co., Ltd.	Grain and oil sales, warehousing services and tea sales	512,330.45	5,046.48
Shenzhen Shennong Kitchen Co., Ltd	Grain and oil sales, and tea sales	41,203.54	555,498.00
Shenzhen Shenyuan Data Tech. Co., Ltd	Grain and oil sales	22,214.14	20,080.40
Shenzhen Food Materials Group Co., Ltd	Grain and oil sales, asset management, tea sales	762,516.56	1,465,053.67
Shenzhen Zhenchu Supply Chain Co., Ltd.	Grain and oil sales, transportation service	971,414.88	11,179,507.33

Explanation on goods purchasing, labor service providing and receiving

(2) Related trusteeship management/contract & entrust management/outsourcing

Trusteeship management/contract:

Unit: RMB/CNY

Client/Contract-out party	Entrusting party/Contract or	Trustee/assets contract	Trustee /start	Trustee /ends	Managed earnings /pricing of the contract earnings	Managed earnings confirmed in the period / contract earnings
---------------------------	------------------------------	-------------------------	----------------	---------------	--	--

Related managed/contract:

Entrusted management/outsourcing:

Unit: RMB/CNY

Client/Contract-out party	Entrusting party/Contract or	Trustee/assets contract	Trustee /start	Trustee /ends	Managed earnings /pricing of the contract earnings	Managed earnings confirmed in the period / contract earnings
---------------------------	------------------------------	-------------------------	----------------	---------------	--	--

Related management/ outsourcing:

(3) Related lease

The company acts as the lessor:

Unit: RMB/CNY

Lessee	Assets type	Lease income recognized in the Period	Lease income recognized last Period
Shenzhen Shenyuan Data Technology Co., Ltd.	Operating site	261,994.26	275,094.00
Shenzhen Duoxi Equity Investment Fund Management Co., Ltd.	Office space	133,405.74	135,996.00

The company acts as the lessee:

Unit: RMB/CNY

Lessor	Assets type	Simplified rental fees for short-term leases and low value asset leases (if applicable)		Variable lease payments not included in the measurement of lease liabilities (if applicable)		Rent paid		Interest expense on lease liabilities assumed		Increased right-of-use assets	
		Current period	Last period	Current period	Last period	Current period	Last period	Current period	Last period	Current period	Last period
Zhang Tiejun	Office space	42,377.55				42,377.55					
Shenzhen Higreen International Agricultural Products Logistic Management Co., Ltd	Office space	15,771.00				15,771.00					

Explanation on related lease

(4) Related guarantee

The Company acts as the guarantor

Unit: RMB/CNY

Secured party	Guarantee amount	Guarantee start date	Guarantee expiry date	Whether the guarantee has been fulfilled
Changzhou Shenbao Chacang E-business Co., Ltd.	3,500,000.00	2011-12-20		N

The Company acts as the secured party

Unit: RMB/CNY

Guarantor	Guarantee amount	Guarantee start date	Guarantee expiry date	Whether the guarantee has been fulfilled
-----------	------------------	----------------------	-----------------------	--

Explanation on related guarantee:

(5) Related party's borrowed funds

Unit: RMB/CNY

Related party	Borrowing amount	Starting date	Maturity date	Note
Borrowing				
Yao Jicheng	1,990,000.00	2021-11-25	2022-11-24	
Yao Jicheng	4,010,000.00	2021-12-30	2022-12-29	
Lending				

(6) Assets transfer and debt reorganization of related party

Unit: RMB/CNY

Related party	Content of related transaction	Current Period	Last Period
---------------	--------------------------------	----------------	-------------

(7) Remuneration of key executives

Unit: RMB/CNY

Item	Current Period	Last Period
------	----------------	-------------

(8) Other related transaction

6. Receivable and payable of related party

(1) Receivable item

Unit: RMB/CNY

Item	Related party	Ending balance		Opening balance	
		Book balance	Provision for bad debt	Book balance	Provision for bad debt
Account receivable	Shenzhen Shenliang Cold Transport Co., Ltd.	110,620.00	94.34	9,434.00	94.34
Account receivable	Shenzhen Shennong Kitchen Co., Ltd	50,402.00	431.51	43,151.00	431.51
Account receivable	Shenzhen Food Materials Group Co., Ltd	21,764.00	217.64	21,764.00	217.64
Account receivable	Shenzhen Duoxi Equity Investment Fund Management Co., Ltd.	1,123.20		1,123.20	

Account receivable	Huizhou Higreen Agricultural Products International Logistics Co., Ltd.	41,844.00	302.64	30,264.00	302.64
Account receivable	Shenzhen Zhenchu Supply Chain Co., Ltd.	1,521,749.67	25,026.91	2,502,691.02	25,026.91
Other accounts receivable	Shenzhen Shenliang Cold Transport Co., Ltd.	10,000.00		10,000.00	
Other accounts receivable	Shenzhen Higreen International Agricultural Products Logistic Management Co., Ltd	50,000.00		50,000.00	
Other accounts receivable	Zhanjiang Changshan (Shenzhen) Ecological Aquaculture Co., Ltd	5,520.00	5,520.00	5,520.00	5,520.00
Other accounts receivable	Shenzhen Shenyuan Data Tech. Co., Ltd			27,000.00	270.00
Other accounts receivable	Changzhou Shenbao Chacang E-business Co., Ltd.	24,608,742.46	22,187,644.18	24,608,742.46	22,187,644.18
Other accounts receivable	Shenzhen Shichumingmen Catering Management Co., Ltd.	1,908,202.67	1,908,202.67	1,908,202.67	1,908,202.67
Other accounts receivable	Shenzhen Investment Holdings Co., Ltd.	415,644.52		415,644.52	
Other accounts receivable	Shenzhen Food Materials Group Co., Ltd	1,658,857.18		1,104,355.28	

Other accounts receivable	Shenzhen Zhenchu Supply Chain Co., Ltd.			1,000,000.00	
Other accounts receivable	Shenzhen Duoxi Equity Investment Fund Management Co., Ltd.			4,000.00	
Other accounts receivable	Shenzhen Municipal People's Government State-owned Assets Supervision & Administration Commission	52,735.50		30,132.00	
Other accounts receivable	Yao Jicheng	463,085.35	1,702.29	463,085.35	1,702.29

(2) Payable item

Unit: RMB/CNY

Item	Related party	Ending book balance	Opening book balance
Dividend payable	Shenzhen Investment Management Co., Ltd		2,690,970.14
Account payable	Shenzhen Shenyuan Data Tech. Co., Ltd	103,511.67	485,080.53
Account payable	Shenzhen Shenliang Cold Transport Co., Ltd.		2,033.96
Account payable	Shenzhen Municipal People's Government State-owned Assets Supervision & Administration Commission	19,693,023.35	39,633,221.00
Other account payable	Shenzhen Shenliang Cold Transport Co., Ltd.		280,000.00
Other account payable	Shenzhen Food Materials Group Co., Ltd	146,162,941.72	146,162,941.72
Other account payable	Zhanjiang Changshan (Shenzhen) Ecological Aquaculture Co., Ltd	8,060,632.25	8,051,954.17
Other account payable	Shenzhen Duoxi Equity	41,486.00	453,294.60

	Investment Fund Management Co., Ltd.		
Other account payable	Shenzhen Investment Management Co., Ltd	3,510,297.20	3,510,297.20
Other account payable	Shenzhen Shenyuan Data Tech. Co., Ltd	557,300.00	3,564,200.00
Other account payable	Zhanjiang Haitian Aquatic Feed Co., Ltd	20,000.00	20,000.00
Other account payable	Shenzhen Shennong Kitchen Co., Ltd	400,000.00	200,000.00
Other account payable	Yao Jicheng	10,564,054.93	10,650,837.33
Other account payable	Zhang Tiejun	39,459.95	
Contract liability	Shenzhen Food Materials Group Co., Ltd		280.00
Contract liability	Shenzhen Shennong Kitchen Co., Ltd	5,022.00	
Contract liability	Shenzhen Zhenchu Supply Chain Co., Ltd.		3,760.00
Contract liability	Shenzhen Investment Holdings Co., Ltd.		39,640.00
Contract liability	Shenzhen Shenliang Cold Transport Co., Ltd.		2,160.00
Contract liability	Shenzhen Shenyuan Data Tech. Co., Ltd		2,696.00
Contract liability	Shenzhen Duoxi Equity Investment Fund Management Co., Ltd.		1,123.20

7. Related party commitment

8. Other

XIII. Share-based payment

1. Overall situation of share-based payment

Applicable Not applicable

2. Share-based payment settled by equity

Applicable Not applicable

3. Share-based payment settled by cash

Applicable Not applicable

4. Modification and termination of share-based payment

Nil

5. Other

Nil

XIV. Commitment or contingency

1. Important commitments

Important commitments on balance sheet date

The Company has no important commitments that need to disclosed as of June 30, 2023.

2. Contingency

(1) Important contingency on balance sheet date

(1)The sales and purchase contract dispute between Hualian Company and Zhuhai Doumen Huabi Trading Co., Ltd (hereinafter referred to as “Zhuhai Huabi”)

Hualian Company (plaintiff) brought a suit against Zhuhai Huabi (defendant), and the People’s Court of Shenzhen Luohu District has made the first instance effective judgment in 2007: 1. The defendant should repay the plaintiff payment for goods of 2,396,300 yuan; 2. The defendant should pay the plaintiff liquidated damages of 239,600 yuan; 3. Court acceptance fee of 33,200 yuan should be borne by the defendant.

In 2005, Zhuhai Huabi stopped production and its legal representative was arrested by the public security organs. It was found that Zhuhai Huabi had been canceled.

As of June 30, 2023 Hualian Company has withdrawn 100.00% of bad debt reserves for the receivables of 2,396,300 yuan from Zhuhai Huabi.

(2) Disputes over import agency contract among SZCG, Hualian Company and Guangzhou Jinhe Feed Co., Ltd.(hereinafter referred to as Guangzhou Jinhe), Huang Xianning

In the case of the plaintiff SZCG and Hualian Company versus the defendant Guangzhou Jinhe and Huang Xianning over the import and export agency contract disputes, the Futian District People’s Court made the first-instance judgment in 2015: 1. The defendant Guangzhou Jinhe should pay a total of 10,237,400 yuan to SZCG and Hualian Company within ten(10) days from the effective date of the judgment; 2. If it fails to perform its pecuniary obligations within the period specified by the judgment, it shall pay double of the interest on the debt

for the delayed in performance in accordance with Article 253 of the Civil Procedure Law of the People's Republic of China; 3. The case acceptance fee of 83,200 yuan shall be born by Guangzhou Jinhe.

As Guangzhou Jinhe dissatisfied with the above-mentioned first-instance judgment, it appealed to the Shenzhen Intermediate People's Court. On March 30, 2017, Shenzhen Intermediate People's Court issued a second-instance judgment, which rejected the appeal of Guangzhou Jinhe and upheld the original judgment. Subsequently, SZCG and Hualian Company applied to the Court of first instance for the enforcement.

As of June 30, 2023, the case is currently still being executed, and the other party has not paid any money. SZCG has made a provision for bad debts at a rate of 100.00% for the receivable payment of 10,455,600 yuan from Guangzhou Jinhe.

According to the "Letter of Commitment from Shenzhen Fude State Capital Operation Co., Ltd. on the Pending Litigation of Shenzhen Cereals Group Co., Ltd.", Shenzhen Fude State Capital Operation Co., Ltd. (now renamed into Shenzhen Food Materials Group Co., Ltd.) will bear the compensation or losses caused by the lawsuit on its behalf for any claims, compensation, losses or expenditures caused by the disputes over import agency contract among SZCG and its holding subsidiaries with Guangzhou Jinhe and Huang Xianning.

(3) Contract disputes between Hualian Company and Foshan Shunde Huaxing Feed Factory (hereinafter referred to as "Huaxing Feed Factory")

In August and October 2007, Hualian Company sold products to Huaxing Feed Factory and received commercial acceptance bills totaling 2,958,600 yuan. Due to the company's failure to repay the overdue payment, Hualian Company filed a lawsuit with the Shunde District People's Court of Foshan City on October 29, 2007, requesting Huaxing Feed Factory to repay the payment and pay the corresponding interest. From June to July 2011, a total of 1,638,900 yuan of the company's bankruptcy assets was recovered. The company received 29,400 yuan in Oct. 2020. As of June 30, 2023, Hualian Company had a receivable payment of 1,290,300 yuan from Huaxing Feed Factory. This amount has been withdrawn bad debt reserves by 100.00%.

(4) Mung bean business disputes between SZCG and Jilin Tongyu County Shengda Company (hereinafter referred to as "Shengda Company")

On August 26, 2010, the Shenzhen Futian District People's Court accepted the case of the plaintiff SZCG versus the defendant Shengda Company over an entrustment contract dispute. Upon mediation, both parties reached a mediation agreement voluntarily: 1. It's confirmed that the defendant Shengda Company still owes the plaintiff SZCG the repurchase payment of 7.492 million yuan and the repurchase payment interest of 2.8 million yuan before September 3, 2009. 2. The defendant Shengda Company should pay the first installment of 1 million yuan to the plaintiff SZCG before October 30, 2010, and should pay 1 million yuan at the end of each month from November 2010 to March 2011, and should pay 492,000 yuan before the end of April 2011, totaling 6,492,000 yuan. 3. If the defendant Shengda Company can pay the above amount in full and on schedule, it does not need to pay the remaining principal of 1 million yuan and the interest of 2.8 million yuan. If any of the above sums are not paid in full and on schedule, the plaintiff may apply to the court for enforcement of all the claims set out in the

first item above.

After the mediation agreement came into effect, Shengda Company did not fully fulfill its repayment obligations, and SZCG has applied for compulsory execution. As of the date of June 30, 2022, the book receivables amounted to 5,602,500 yuan, the execution of the remaining amounts was highly uncertain, and the Company has fully made provisions for bad debts of 5,602,500 yuan for this payment.

(5) Sales contract disputes between Hualian Company and Dalian Liangshuntong Supply Chain Management Co., Ltd. (hereinafter referred to as “Liangshuntong Company”)

1) In the case of the plaintiff Liangshuntong Company versus the defendant Hualian Company over a sales contract dispute ([2019] Y0304 MChNo.49562), the Futian District People’s Court made a first-instance civil judgment on July 3, 2020 that: 1. The plaintiff Liangshun Tongtong Company shall pay Hualian Company 595,800 yuan within ten days from the effective date of this judgment; 2. Reject the claims of Liangshuntong Company; 3. Reject other counterclaims of Hualian Company; 4. The plaintiff Liangshuntong Company shall prepay the litigation fee of 208,900 yuan, which shall be borne by the plaintiff, and the defendant Hualian Company shall prepay the counterclaim acceptance fee of 113,000 yuan, of which 1,800 yuan shall be borne by the plaintiff and 111,200 yuan shall be borne by the defendant. After receiving the judgment, the plaintiff Liangshuntong refused to accept it and appealed to the Shenzhen Intermediate People’s Court. The Shenzhen Intermediate People’s Court made a final ruling on October 29, 2021, and the ruling is as follows: rejecting the appeal and upholding the original judgment. The Futian District People’s Court has accepted the enforcement application submitted by Hualian Company. Hualian Company applied for execution to the Futian District People’s Court of Shenzhen in December 2021. In May 2022, the Futian District People’s Court issued the “Execution Order”([2021] Y0304ZhNo.37136), ruling that the execution procedure should be terminated due to the fact that the person being executed currently has no property available for execution; If the applicant for enforcement discovers that the person subjected to enforcement has property available for enforcement, it may apply for enforcement again

2) In the case of the plaintiff Hualian Company versus the defendant Liangshuntong Company over a contract dispute ([2020]Y 0304 MChNo. 2824), the Futian District People’s Court delivered the Civil Judgment of the first instance on December 31, 2020, ruling that 1. The defendant Liangshuntong Company shall pay Hualian Company advance fees of 461,900 yuan and capital cost of 4,030,000 yuan within ten days from the effective date of the judgment; 2. Liangshuntong Company shall pay the capital occupation fee (based on 461,900 yuan, with an annual interest rate of 10.00%, calculating from December 11, 2019 to the date of paying off the full amount) to Hualian Company within ten(10) days from the effective date of the judgment; 3. Case acceptance fee of 42,700 yuan shall be borne by the defendant Liangshuntong Company. After receiving the judgment, Liangshuntong appealed to the Shenzhen Intermediate People’s Court on January 22, 2021. The Shenzhen Intermediate People’s Court made a final ruling on November 9, 2021, and the ruling is as follows: rejecting the appeal and upholding the original judgment. Hualian Company applied for execution to the Futian District People’s Court of Shenzhen in December 2021. In May 2022, the Futian District People’s Court issued the Execution Order([2021]Y0304 ZhNo.37314), ruling that the execution procedure should be terminated due to the fact that the person being

executed currently has no property available for execution; If the applicant for enforcement discovers that the person subjected to enforcement has property available for enforcement, it may apply for enforcement again.

(6) Disputes over construction engineering contract between Heilongjiang Hongxinglong Farms & Land Reclamation Shenxin Grain Industrial Park Co., Ltd. (hereinafter referred to as “Hongxinglong”) and Heilongjiang Zhishengda Construction Engineering Co., Ltd. (hereinafter referred to as “Zhishengda Company”)

In April 2020, Zhishengda Company filed a lawsuit with Hongxinglong People’s Court of Heilongjiang Province with Hongxinglong as the defendant, requesting: 1. To confirm that the “Letter on Rectification of Completed Projects and Cancellation of Not Constructed Projects” issued by Hongxinglong on April 7, 2020 does not have the effect of terminating the contract, the rescission contract made by it is invalid, and judge that the defendant Hongxinglong should continue to perform the contract (the project cost required to perform the contract is 5,137,800 yuan). 2. The litigation fee and other legal costs shall be borne by Hongxinglong.

On July 29, 2020, Hongxinglong filed a counterclaim with the first-instance court, requesting the court: 1. To confirm the validity of the cancellation of the construction contract between Hongxinglong and Zhishengda in accordance with the law. 2. To rule that Zhishengda should pay Hongxinglong liquidated damages of 1,003,200 yuan, of which liquidated damages for overdue completion of the project of 253,200 yuan, repair costs for unqualified project quality of about 240,000 yuan (the specific amount is to be determined by a third party), liquidated damages for project manager’s absence from the construction site without permission of 500,000 yuan, liquidated damages for the migrant worker’s collective petitions of 10,000 yuan. 3. The counterclaim fee and appraisal fee shall be borne by Zhishengda Company.

On March 16, 2021, the third-party appraisal agency applied by Zhishengda Company conducted an on-site survey and on-site appraisal for the engineering quantities. The appraisal agency (Heilongjiang Yage Construction Engineering Management Consulting Co., Ltd., now renamed into Zhongyun Project Management Co., Ltd.) appraised the cost of project restoration. On April 29, 2021, Hongxinglong Company applied for a third-party appraisal agency to conduct on-site inspection. On May 27, 2021, the third-party appraisal agency (Harbin Gongda Construction Engineering Judicial Appraisal Consulting Co., Ltd.) conducted on-site appraisal of the engineering quantities. Hongxinglong paid an appraisal fee of 20,000 yuan. On July 22, 2021, Zhishengda Company reapplied to a third-party appraisal agency for on-site appraisal. On October 27, 2021, the appraisal agency, Zhongyun Project Management Co., Ltd., came to the site for appraisal.

On March 9, 2022, the first-instance trial was held, and the lawyers of both parties conducted cross-examination. But the third-party appraiser did not appear in court due to the impact of the pandemic, so it was planned to choose another day for the trial.

On March 31, 2022, Hongxinglong Company submitted an “Application for Change of Litigation Request” to the court, requesting that the second paragraph of the second clause of the applicant’s counterclaim be changed to “976,722.63 yuan (incurred repair costs) + 438,143.84 yuan (the continued repair cost identified by Zhongyun Project Management Co., Ltd.), with a total repair cost of 1,414,866.47 yuan”, requesting the court to judge

Zhishengda Company shall pay the following to Hongxinglong Company: 1 a total of 763,200.00 yuan as liquidated damages (including: 1) 253,186.57 yuan as liquidated damages for overdue completion of the project; 2) a fine of 500,000 yuan as the project manager left the construction site without permission; 3) a penalty of 10,000 yuan for collective petitions by migrant workers; 2. 976,722.63 yuan (incurred repair costs) + 438,143.84 yuan (continued repair costs identified by Zhongyun Project Management Co., Ltd.) for the repair of substandard engineering quality, totaling 1,414,866.47 million yuan. The above two items amounted to 2,178,053.04 yuan, and the counterclaim fee and appraisal fee shall be borne by Zhishengda Company.

On May 19, 2022, Zhishengda Company submitted a “Clear Litigation Request Application”, which stated that the litigation request was: 1) Hongxinglong shall pay 2,362,100 yuan for the project and inventory materials, and the interest shall be calculated from June 1, 2020 at four times the loan interest rate published by the National Interbank Funding Center until the project payment is fully paid. 2) Requesting the People’s Court to rule that Hongxinglong Company shall pay compensation of Zhishengda Company for losses of 4,234,900 yuan (including ① loss of road interests of 606,900 yuan; ② loss of equipment rent of 1,633,000 yuan; ③ loss of wages of technical personnel and management personnel of 197,500 yuan; ④ bidding cost of 20,000 yuan). 3) Hongxinglong Company shall pay a monthly compensation of 79,500 yuan for losses of Zhishengda since June 1, 2022, until the project manager and others involved in the case are released from the record. The aforesaid three items amounted to 6,676,500 yuan. 4) The case acceptance fee and appraisal fee of 58,000 yuan shall be borne by Hongxinglong.

(7) Construction project subcontracting dispute case of Xu Anwu versus Dongguan Shenliang Logistics Co., Ltd., Gansu Installation and Construction Group Co., Ltd., Guangdong Dianbai Construction Group Co., Ltd., and Xu Jianqiang

On March 17, 2021, the plaintiff Xu Anwu sued Dongguan Shenliang Logistics Co., Ltd., Gansu Installation and Construction Group Co., Ltd., Guangdong Dianbai Construction Group Co., Ltd., and Xu Jianqiang as defendants to the First People’s Court of Dongguan, requesting: 1. The four defendants to immediately pay the plaintiff the construction cost of 10.445 million yuan; 2. The four defendants to bear the litigation costs in this case.

On May 19, 2021, Gansu Installation and Construction Group Co., Ltd. filed a counterclaim with Xu Anwu as the counterclaim defendant, requesting: 1. Xu Anwu to immediately return the overpaid 2,567,000 yuan to Gansu Installation and Construction Group Co., Ltd.; 2. Xu Anwu to bear all litigation costs.

The first instance of this case was heard on July 14, 2021. On April 22, 2022, the First People’s Court of Dongguan City, Guangdong Province issued a judgment rejecting all the plaintiff’s litigation claims against Dongguan Shenliang Logistics Co., Ltd..

Gansu Installation and Construction Group Co., Ltd. appealed to the Intermediate People’s Court of Dongguan City, Guangdong Province.

On September 22, 2022, the Intermediate People’s Court of Dongguan City, Guangdong Province issued a final judgment rejecting all the litigation claims of the plaintiff Xu Anwu against Dongguan Shenliang Logistics Co.,

Ltd..

On March 31, 2023, Xu Anwu applied for a retrial to the Guangdong Provincial Higher People’s Court. Request: 1. Revoke (2022)Y 19 MZHNo.7365 of the Intermediate People’s Court of Dongguan City, Guangdong Province; 2. It is ordered that the litigation costs for the first rail, second trail, and retrial of this case shall be borne by the respondent Gansu Installation and Construction Group Co., Ltd.

(8) Disputes over sales contract between Hangzhou Ju Fang Yong Holdings Co., Ltd. and Hangzhou Ju Fang Yong Trading Co., Ltd.,

On September 7, 2021, the plaintiff Hangzhou Ju Fang Yong Holdings Co., Ltd. sued Hangzhou Ju Fang Yong Trading Co., Ltd. as the defendant to the Hangzhou Binjiang District People’s Court, requesting to order: 1. The defendant to immediately pay 2,816,300.00 yuan; 2. The defendant to bear the litigation costs in this case.

On October 29, 2021, Hangzhou Ju Fang Yong Holdings Co., Ltd. and Hangzhou Ju Fang Yong Trading Co., Ltd. reached a pre-litigation mediation, and Hangzhou Ju Fang Yong Trading Co., Ltd. paid 2,816,000 yuan to Hangzhou Ju Fang Yong Holdings Co., Ltd., and paid in full before November 30, 2021.

On December 8, 2021, Hangzhou Binjiang District People’s Court issued a civil ruling paper, ruling that the mediation agreement reached by Hangzhou Ju Fang Yong Holdings Co., Ltd. and Hangzhou Ju Fang Yong Trading Co., Ltd. on October 29, 2021 is valid, and the parties shall consciously perform their obligations in accordance with the provisions of the mediation agreement. If any party refuses to perform or fails to perform all of its obligations, the other party shall apply to the people’s court for enforcement.

On December 29, 2021, Hangzhou Binjiang District People’s Court accepted the enforcement application of Hangzhou Ju Fang Yong Holdings Co., Ltd.

On March 4, 2022, Hangzhou Ju Fang Yong Holdings Co., Ltd. submitted an application for “transfer of enforcement to bankruptcy” to Hangzhou Intermediate People’s Court.

On August 19, 2022, the court ruled to accept the bankruptcy liquidation application of Ju Fang Yong Holdings for Ju Fang Yong Trading. On September 27, 2022, Ju Fang Yong Trading Co., Ltd. transferred the seal, account books and other materials to the bankruptcy liquidation administrator. On October 21, 2022, the manager held the first creditors’ meeting.

(9) Disputes over private lending between Shenzhen Shenshenbao Tea Culture Commercial Management Co., Ltd. and Shenzhen Shichumingmen Catering Management Co., Ltd.

On May 31, 2021, the plaintiff Shenzhen Shenshenbao Tea Culture Commercial Management Co., Ltd. filed a lawsuit with Shenzhen Nanshan District People’s Court against Shenzhen Shichumingmen Catering Management Co., Ltd. as the defendant, requesting to order: 1). The defendant to return the principal of 1,183,000 yuan borrowed from the plaintiff; 2). The defendant to pay the interest on borrowings of 171,300 yuan to the plaintiff; 3). The defendant to bear the litigation costs in this case.

On December 1, 2021, the court made a judgment in support of all the claims of Shenzhen Shenshenbao Tea

Culture Company.

On January 20, 2022, the People's Court of Nanshan District accepted the enforcement application of Shenzhen Shenshenbao Tea Culture Company.

On April 27, 2022, the People's Court of Nanshan District made a ruling: to terminate this execution procedure. If the applicant for enforcement discovers that the person subjected to enforcement has property available for enforcement, they may apply for resumption of enforcement.

On May 18, 2022, Shenzhen Shenshenbao Tea Culture Company applied to the court for bankruptcy liquidation.

On August 15, 2022, the Shenzhen Intermediate People's Court made a decision to appoint Guangdong Guanghe Law Firm as the administrator for bankruptcy liquidation.

On September 9, 2022, Shenzhen Shenshenbao Tea Culture Company declared its creditor's rights to the administrator.

On November 8, 2022, the administrator held the first creditors' meeting.

On December 12, 2022, the Shenzhen Intermediate Court made a ruling declaring Shenzhen Shichumingmen Catering Management Co., Ltd. bankrupt and ending the bankruptcy proceedings.

On March 6, 2023, the bankruptcy administrator canceled Shenzhen Shichumingmen Catering Management Co., Ltd.

(10) Disputes over special operating contract between Shanghai Baoyan Catering Co., Ltd. and Hangzhou Fuhaitang Catering Management Chain Co., Ltd.

On July 22, 2021, the plaintiff Shanghai Baoyan Catering Co., Ltd. filed a lawsuit with Hangzhou Binjiang District People's Court against Hangzhou Fuhaitang Catering Management Chain Co., Ltd. as the defendant, requesting: 1). To cancel the Regional Agency Authorized Operating Agreement signed by the plaintiff and the defendant; 2). The defendant to return the regional agency cooperation fee of 1,880,000 yuan and the cooperation deposit of 80,000 yuan to the plaintiff, a total of 1,960,000 yuan; 3). The defendant to pay the liquidated damages of 100,000 yuan to the plaintiff; 4). The defendant to pay the attorney fee of 50,000 yuan to the plaintiff; 5). The defendant to bear the litigation fee in this case. The Hangzhou Binjiang District People's Court issued a subpoena on February 11, 2022, confirming that the case number was (2021) Zh 0108 MCh No. 5890, and the court date set for March 17, 2022.

On May 18, 2022, Hangzhou Binjiang District Court made a judgment of first instance that Hangzhou Fuhaitang Catering Management Chain Co., Ltd. shall returned the agency cooperation price of 880,000 yuan to Shanghai Baoyan Catering Co., Ltd. and bear the legal cost of 12,600 yuan; Shanghai Baoyan shall bear the legal costs of 13,100 yuan. Both Fuhaitang Catering and Shanghai Baoyan refused to obey and appealed to Hangzhou Intermediate People's Court.

On September 6, 2022, Hangzhou Intermediate People’s Court held a trial on this case.

On November 17, 2022, the court made a judgment: Fuhaitang Catering shall return agency cooperation and deposit of 960,000 yuan to Shanghai Baoyan.

Shanghai Baoyan applied to Hangzhou Binjiang District Court for enforcement. On February 16, 2023, Hangzhou Binjiang District Court notified Fuhaitang Catering to declare its property, and Fuhaitang Catering had declared its property as required by the court. Hangzhou Fuhaitang Catering Company was in severe insolvency and filed for bankruptcy in the name of the debtor on June 13, 2023.

(11) Sales contract disputes between Shuangyashan Shenliang Grain Base Co., Ltd. (hereinafter referred to as “Shuangyashan Company”) and Tongliao Fada Grain Purchase and Storage Co., Ltd.

On November 26, 2021, the plaintiff Tongliao Fada Grain Purchase and Storage Co., Ltd. filed a lawsuit with Keerqin District People’s Court of Tongliao City, Inner Mongolia Autonomous Region, with Shuangyashan Company as the defendant, requesting: 1. To cancel the six purchase contracts signed with Shuangyashan Company; 2. Shuangyashan Company to return the corn purchase payment of 25.2 million yuan; 3. Shuangyashan Company to pay the interest on occupation of funds of 4,713,600 yuan (tentatively until November 1, 2021); 4. Shuangyashan Company to bear the litigation costs of this case.

Shuangyashan Company filed an objection to jurisdiction with Keerqin District People’s Court of Tongliao City, Inner Mongolia Autonomous Region. On March 24, 2022, Keerqin District People’s Court of Tongliao City, Inner Mongolia Autonomous Region made a ruling that Shuangyashan Company’s objection to jurisdiction was established, and the case was transferred to the People’s Court of Baoqing County, Shuangyashan City, Heilongjiang Province. On April 1, 2022, Tongliao Fada Grain Purchase and Storage Co., Ltd. filed an appeal with Tongliao Intermediate People’s Court, requesting to revoke the ruling on the objection to jurisdiction. This case was heard in court on February 20, 2023. As of the approval date of the financial report, the court has not yet made a ruling. On May 10, 2023, a subpoena was received from the People’s Court of Baoqing County, and Tongliao Fada Grain Purchase and Storage Co., Ltd. added Shanghai Jiexi Industrial Co., Ltd. as the third party. The trial was held on May 19, 2023. On August 3, 2023, the People’s Court of Baoqing County ruled to dismiss the lawsuit request of Inner Mongolia Cold Land Black Soil Supply Chain Management Co., Ltd. (formerly known as Tongliao Fada Grain Purchase and Storage Co., Ltd.). The litigation costs of this case, 191,368 yuan, shall be borne by Inner Mongolia Cold Land Black Soil Supply Chain Management Co., Ltd.

(12) Project construction contract disputes between Wuhan Jiangxia Yijian Construction Engineering Co., Ltd. and Wuhan Jiacheng Biological Products Co., Ltd.

1) On January 10, 2022, the plaintiff Wuhan Jiangxia Yijian Construction Engineering Co., Ltd. filed a lawsuit with Jiangxia District People’s Court of Wuhan City against Wuhan Jiacheng Biological Products Co., Ltd. as the defendant, requesting: ①The defendant to immediately pay the project money of 4,421,900 yuan owed to the

plaintiff; ② The defendant to pay liquidated damages (based on the arrears of the project payment of 4,421,900 yuan), and calculated at an annual interest rate of 15.4% from October 10, 2019 to the date of payment, and temporarily calculated to be 1,514,900 yuan until December 30, 2021) for the delayed payment of the project payment to the plaintiff. The above two items add up to 5,936,800 yuan. ③The defendant to bear all expenses of the case, including litigation fee, appraisal fee, and preservation fee.

The plaintiff applied for property preservation (the preservation amount was more than 5.9 million yuan), and the Jiangxia District Court ruled to freeze all bank accounts of Wuhan Jiacheng Biological Products Co., Ltd.

The Jiangxia District People's Court of Wuhan City set the court date as February 28, 2022, and the case number is (2022) E 0115 MCHNo. 182.

2) On February 25, 2022, the counterclaim plaintiff Wuhan Jiacheng Biological Products Co., Ltd. filed a counterclaim against Wuhan Jiangxia Yijian Construction Engineering Co., Ltd. as the counterclaim defendant, requesting: ①To confirm that the Hubei Province Construction Project Contract, with the project cost of 25,965,100 yuan, signed by the plaintiff and the defendant on July 4, 2017 for Jiacheng Bio-Industrial Park Construction Project (Phase I) is invalid; ②To order the defendant of the counterclaim to submit the complete completion data and completion report to the plaintiff of the counterclaim and assist in handling the completion acceptance of the project and the relevant procedures for archiving and filing the engineering data in the urban construction archives; ③To compensate for the losses (from April 1, 2018 to October 25, 2019, calculated at 1,000 yuan per day; from October 26, 2019 to the date of acceptance and delivery of project, with 21,543,200 yuan as the base, calculated according to the quoted interest rate of the loan market for the same period announced by the National Interbank Funding Center, and it's about 2.3 million yuan calculated to the date of indictment) caused to the plaintiff due to the delayed delivery of the Wuhan Jiacheng Bio-Industrial Park Construction Project (Phase I); 4. To bear the litigation fees, preservation fees and other expenses for the counterclaim.

On July 6, 2022, Wuhan Jiangxia District People's Court made a judgment:

- (1) The defendant Wuhan Jiacheng Biological Products Co., Ltd. shall pay 4,421,900 yuan to the plaintiff Wuhan Jiangxia Yijian Construction Engineering Co., Ltd. within ten days after the judgment takes effect;
- (2) The defendant Wuhan Jiacheng shall pay the liquidated damages to the plaintiff Wuhan Jiangxia Yijian Construction Engineering Co., Ltd. (based on 4,421,900 yuan, according to 1.3 times of LPR, from September 19, 2020 to the fulfillment of performance) within 10 days after the judgment takes effect;
- (3) The plaintiff Wuhan Jiangxia Yijian Construction Engineering Co., Ltd. shall have the priority to receive compensation for the discount or auction price of the above projects undertaken by it within the scope of Items 1 and 2 of the aforesaid judgment;
- (4) Counterclaim defendant Wuhan Jiangxia Yijian Construction Engineering Co., Ltd. shall submit complete completion materials and completion report to the counterclaim plaintiff Wuhan Jiacheng within 10 days

after the judgment takes effect, and assist in handling relevant filing procedures of project completion acceptance and engineering materials in the urban construction archives;

(5) Reject other claims of plaintiff Wuhan Jiangxia Yijian Construction Engineering Co., Ltd.;

(6) Reject other claims of counterclaim plaintiff Wuhan Jiacheng.

If the payment obligation is not performed within the period specified in the judgment, the interest on the debt during the delay in performance shall be double paid in accordance with Article 260 of the Civil Procedure Law of the People's Republic of China.

The case acceptance fee is 53,400 yuan, the counterclaim acceptance fee is 12,600 yuan, and the preservation fee is 5,000 yuan, totaling 71,000 yuan. The plaintiff Wuhan Jiangxia Yijian Construction Engineering Co., Ltd. shall bear 2,000 yuan, and the defendant Wuhan Jiacheng shall bear 69,000 yuan.

On July 16, 2022, Wuhan Jiacheng appealed to Wuhan Intermediate People's Court. The case was heard on January 12, 2023.

On January 18, 2023, Hubei Wuhan Intermediate People's Court made a judgment to reject the appeal and uphold the original judgment. Wuhan Jiangxia Yijian Construction Engineering Co., Ltd. has applied for enforcement.

On February 21, 2023, the People's Court of Jiangxia District, Wuhan City, Hubei Province made a judgment to freeze or withhold the bank deposits of 6.00 million yuan of Wuhan Jiacheng subject to enforcement, or to seal up, seize, freeze, auction and sell other assets of the same amount. The judgment shall be enforced immediately.

On February 21, 2023, the court issued a property report order to Wuhan Jiacheng. Wuhan Jiacheng has paid 4.42 million yuan to the execution account of the People's Court of Jiangxia District, Wuhan City, Hubei Province, and the Wuhan Jiacheng account has been unfrozen. Wuhan Jiacheng has submitted an application for objection to execution to the People's Court of Jiangxia District, Wuhan City, Hubei Province.

On March 8, 2023, Wuhan Jiacheng applied for compulsory execution of the fourth item in the judgment of the People's Court of Jiangxia District, Wuhan City. The People's Court of Jiangxia District filed the case for acceptance([2023]E0115ZhNo.1719) on March 16, 2023. Application for enforcement matters is as follows:

1. Wuhan Jiangxia Yijian Construction Engineering Co., Ltd. shall submit complete completion documents and completion reports to the applicant, and assist in handling the relevant procedures for project completion acceptance and engineering data archiving and filing in the urban construction archives;
2. Wuhan Jiangxia Yijian Construction Engineering Co., Ltd. shall compensate Wuhan Jiacheng twice for the losses caused (loss calculation method: based on the total construction area, the rent shall be calculated at 20.00 yuan per square meter per month, from the date when the party subjected to enforcement should fulfill their obligations to the actual date of performance; the daily single loss is 10,396.00 yuan (15,594 square meters) \times 20.00 yuan \div 30 days);
3. As the effective judgment determines that both Wuhan Jiacheng and Wuhan Jiangxia Yijian Construction

Engineering Co., Ltd. should fulfill their obligations simultaneously, and the period for fulfilling the obligations has already expired, in accordance with the principles of good faith and fairness, Wuhan Jiacheng shall pay the project funds and liquidated damages that should be paid to Wuhan Jiangxia Yijian Construction Engineering Co., Ltd. to the court's account. In case Wuhan Jiangxia Yijian Construction Engineering Co., Ltd. fails to fully fulfill the fourth obligation of the effective judgment, the court shall not distribute the project funds to the party subject to enforcement so as to ensure that both parties will fulfill their obligations simultaneously;

4. If Wuhan Jiangxia Yijian Construction Engineering Co., Ltd. delays fulfilling the fourth obligation of the effective judgment, Wuhan Jiacheng requests the court to entrust a third party to perform on behalf and the expenses incurred by the third party in performing the obligation and the double compensation to be paid by Wuhan Jiangxia Yijian Construction Engineering Co., Ltd. for the losses caused to Wuhan Jiacheng shall be deducted from the project payment paid by the applicant for enforcement;
5. Wuhan Jiangxia Yijian Construction Engineering Co., Ltd. shall bear the enforcement fees for this case.

On March 30, 2023, Wuhan Jiacheng applied for retrial. On April 6, 2023, the Higher People's Court of Hubei Province accepted the retrial application.

On June 30, 2023, the Higher People's Court of Hubei Province made a civil ruling((2023) EMSH No. 2077), rejecting the retrial application of Wuhan Jiacheng Biological Products Co., Ltd.

(13) Disputes over loan contract between Changzhou Shenbao Chacang E-business (hereinafter referred to as "Changzhou Company") and Shenzhen Agricultural Products Financing Guarantee Co., Ltd. (hereinafter referred to as "Agricultural Products Guarantee Company")

On July 15, 2016, the Agricultural Products Guarantee Company submitted a Civil Complaint to Shenzhen Futian District People's Court, requesting to order: 1). Changzhou Company to repay the loan principal of 5,000,000.00 yuan and the interest of 390,000 yuan, and the penalty interest of 3,200,300 yuan (The penalty interest is temporarily calculated until June 30, 2016, and actually calculated to the date when the loan is fully paid); 2. Changzhou Company to pay compensation of 100,000.00 yuan (5,000,000 yuan × 2%); totaling 8,690,200 yuan; 3. Shenzhen Shenbao Industrial Co., Ltd. (now renamed into "Shenzhen Cereals Holdings Co., Ltd.", hereinafter referred to as "SZCH") to be jointly and severally liable for the loan of 5,000,000.00 yuan.

Shenzhen Futian District People's Court issued a first-instance judgment on May 31, 2017, ruling that Changzhou Company should repay the loan principal of 5 million yuan and interest of 353,900 yuan, and interest penalty (interest penalty is based on 5 million yuan as the principal, calculated from September 7, 2013 to the date of actual repayment at an annual rate of 21.6% within ten(10) days after the judgement came into effect. If the repayment is made in installments, the interest of corresponding part will be calculated to the date of each repayment) to the plaintiff Agricultural Products Guarantee Company within 10 days from the effective date of the judgment, and Changzhou Company shall bear the lawyer's fee of 71,900 yuan and the preservation fee of 5,000

yuan; the judgment rejected the request of the Agricultural Products Guarantee Company's request Shenbao Company to bear joint and several liability.

The Agricultural Products Guarantee Company refused to accept the first instance judgment and filed an appeal to the Shenzhen Intermediate People's Court. On May 10, 2019, the Shenzhen Intermediate People's Court served the civil judgment (final judgment), and the Shenzhen Intermediate Court made some changes to the first-instance judgment, ruling that SZCH shall be jointly and severally liable for the debts of Changzhou Company within the range of 3.5 million yuan; SZCH has the right to recover from Changzhou Company after paying off the debts on its behalf.

In May 2021, the Agricultural Products Guarantee Company applied to the People's Court of Futian District of the first instance for compulsory execution of 5,193,400 yuan. According to the request of the court, Changzhou Company declared the property status to the court. The Agricultural Products Guarantee Company reached a voluntary settlement with Changzhou Company and SZCH. On September 29, 2021, the Agricultural Products Guarantee Company submitted an application to the People's Court of Futian District for consent to the settlement and termination of execution. On October 20, 2021, the People's Court of Futian District issued an enforcement ruling to terminate the enforcement of the case.

(14) Lease contract dispute case in which Shenzhen Yanxin Industrial Co., Ltd. sued SZCG

On April 12, 2022, the plaintiff Shenzhen Yanxin Industrial Co., Ltd. filed a lawsuit with the People's Court of Longgang District with SZCG as the defendant, requesting: The defendant shall pay the following amount to the plaintiff, totaling 1,583,800 yuan. 1) To compensate the plaintiff for the house renovation fee: 1,263,800 yuan (including firefighting construction fee: 1,840,000 yuan, purchase fee of firefighting equipment: 900,000 yuan (buildings 1-6), and decoration construction fee: 3,062,000 yuan). 2) To compensate the plaintiff for the maintenance of water and electricity facilities: 120,000 yuan (180,000 yuan per year for the maintenance of three buildings); 3) To compensate the plaintiff for changing the housing property from industrial to commercial: 200,000 yuan; 4) The legal costs of the case shall be borne by the defendant.

The People's Court of Longgang District held a trial on this case on November 1, 2022.

On January 11, 2023, the People's Court of Longgang District, Shenzhen made a judgment: 1. The defendant SZCG shall pay the plaintiff Shenzhen Yanxin Industrial Co., Ltd. a compensation of 640,000 yuan for housing renovation within seven days from the effective date of this judgment; 2. Reject other litigation requests from the plaintiff Shenzhen Yanxin Industrial Co., Ltd.

Both the plaintiff and defendant have filed appeals.

(15) Loan contract dispute case in which Wuhan Jiacheng sued Wuhan Xinzhiquan Industrial Co., Ltd. and Wuhan Chensheng Mining Investment Co., Ltd.

Wuhan Jiacheng filed a lawsuit with the People's Court of Qingshan District with Wuhan Xinzhiquan Industrial Co., Ltd. and Wuhan Chensheng Mining Investment Co., Ltd. as the defendants, requesting: 1) Defendant Wuhan Xinzhiquan Industrial Co., Ltd. shall repay the loan of 5.00 million yuan; 2) Defendant Wuhan Xinzhiquan Industrial Co., Ltd. shall pay the interest calculated at the annual interest rate of 24% from August 29, 2014 to the date when the principal is paid off; 3) Defendant Wuhan Chensheng Mining Investment Co., Ltd. shall be jointly and severally liable for the above debts of defendant Wuhan Xinzhiquan Industrial Co., Ltd.; 4) The defendants shall bear the legal costs of the case.

On May 30, 2019, the People's Court of Qingshan District made the judgment ([2019] E 0107 MCH No. 104): 1) the defendant Wuhan Xinzhiquan Industrial Co., Ltd. shall repay the loan of 5.00 million yuan to the plaintiff Wuhan Jiacheng within ten (10) days after the judgment takes effect; 2) the defendant Wuhan Xinzhiquan Industrial Co., Ltd. shall pay the interest to the plaintiff Wuhan Jiacheng within ten (10) days after the judgment takes effect (based on the unpaid amount, the interest shall be calculated from August 29, 2014 at the annual rate of 24%, until the date of actual repayment); 3) Defendant Wuhan Chensheng Mining Investment Co., Ltd. shall be jointly and severally liable for the repayment of Item (1) and (2), and shall have the right to recover the liability from the defendant Wuhan Xinzhiquan Industrial Co., Ltd. after assuming the liability.

Wuhan Jiacheng applied to the People's Court of Qingshan District, Wuhan City, for enforcement. On June 4, 2020, since the company subject to enforcement had no property for enforcement for the time being, the People's Court of Qingshan District, Wuhan City, made the enforcement judgment ([2019]E0107ZNo.2117) enforcement judgment to terminate the enforcement procedure.

(16) Liability dispute case in which Wuhan Jiacheng sued shareholders Chen Wei, Tian Xinhua, Yu Yong and Chen Xin for impairing the interests creditors of the company

According to the civil judgement ([2019]E0107MCHNo.104), Wuhan Xinzhiquan Industrial Co., Ltd. owed debts to Wuhan Jiacheng. Wuhan Jiacheng applied to the People's Court of Qingshan District, Wuhan City, for enforcement on the basis of the civil judgment. The court made a judgment to terminate the enforcement procedure since Wuhan Xinzhiquan Industrial Co., Ltd. had no property for enforcement.

The court ascertained that the actual contributor of Wuhan Xinzhiquan Industrial Co., Ltd. was Wuhan Pengling Company, in which Chen Wei, Yu Yong and Chen Xin were dummy shareholders and Tian Xinhua was fake shareholder. The shareholders of Wuhan Xinzhiquan Industrial Co., Ltd. failed to fulfill their contribution obligations of 9.3 million yuan.

With Chen Wei, Tian Xinhua, Yu Yong and Chen Xin as defendants, Wuhan Jiacheng filed a lawsuit with the People's Court of Qingshan District, Wuhan City, requesting: 1) the defendants Chen Wei, Tian Xinhua shall be jointly and severally liable for the supplementary compensation for debts of Wuhan Xinzhiquan Industrial Co., Ltd. to the plaintiff determined in civil judgment([2019]E0107MCHNo.104) made by the People's Court of Qingshan District, Wuhan City(based on the principal 5.00 million yuan, the interest shall be calculated at the annual rate of 24% from August 29, 2014 until the actual repayment date) within the scope of principal and interest of 9.3 million yuan not contributed; 2) Defendants Yu Yong and Chen Xin shall be jointly and severally

liable for the above supplementary compensation liability of Tian Xinhua; 3) The defendants shall bear the legal costs of the case.

In 2020, the People's Court of Qingshan District, Wuhan City, made the judgement ([2020]E0107 MCHNo. 3458): 1. The defendant Chen Wei shall, within 10 days from the effective date of the judgment, bear the supplementary compensation liability to the plaintiff Wuhan Jiacheng for the debt of Wuhan Xinzhiquan Industrial Co., Ltd. determined in civil judgment ([2019]E0107MCHNo.104) made by Wuhan Qingshan District People's Court within the scope of principal and interest of 4.00 million yuan not contributed; 2. The defendant Chen Xin shall, within ten (10) days from the effective date of the judgment, bear joint and several liability to the plaintiff Wuhan Jiacheng for the debts of Wuhan Xinzhiquan Industrial Co., Ltd. determined in civil judgment ([2019]E0107MCH No.104) made by the People's Court of Qingshan District, Wuhan City, within the scope of principal and interest of 5.3 million yuan not contributed by the actual contributor Wuhan Pengling Group Co., Ltd. 3. Other claims of the plaintiff Wuhan Jiacheng are rejected.

After the judgment took effect, Wuhan Jiacheng applied to the People's Court of Qingshan District, Wuhan City, for enforcement.

On September 14, 2022, the People's Court of Qingshan District, Wuhan City, made the judgement ([2022] E 0107 Z No. 1287) to auction and sell off the houses under the name of Chen Xin subject to enforcement.

Chen Xin's shops in Huangpi and the parking lots located in the first and second phase of Rongke Tiancheng in Jiang'an District have been auctioned; On January 4, 2023, Chen Xin's ex-husband, Yuan Ding, applied to the the People's Court of Qingshan District to require 50% of the auction funds on the grounds that the shop located in Huangpi and the parking lots located in second phase of Rongke Tiancheng were jointly owned after marriage. The court has not yet disbursed the auction funds. Besides, auction proceedings against Chen Wei's property have been initiated and the creditors have now applied to resume enforcement.

(17) Contract dispute in which Shenzhen Nanshan District Housing and Construction Bureau sued SZCG

In 2008, SZCG and Shenzhen Yulunda Investment Development Co., Ltd. (hereinafter referred to as “Yulunda”) signed the “Supplementary Agreement (IV) on the Project of Cooperative Renovation of Dingtuo Village Granary” (hereinafter referred to as the “Supplementary Agreement (IV)”), agreeing that SZCG provided land use rights and Yulunda provided all the construction funds in Kangdayuan Project. Both parties opened a regulatory account jointly managed by SZCG and Yulunda (hereinafter referred to as the “co-managed account”).

On April 26, 2019, Shenzhen Nanshan District Housing and Construction Bureau signed the “Repurchase Agreement” with SZCG. Shenzhen Nanshan District Housing and Construction Bureau selected 6 houses for repurchase from the remaining 40 houses in Kangdayuan Project, and the repurchase funds were paid to the co-managed account, and SZCG issued relevant receipts.

After the signing of the Repurchase Agreement, Shenzhen Nanshan District Housing and Construction Bureau orally requested SZCG to issue the invoice for the repurchase funds for several times. However, due to the tax burden and historical problems, SZCG has not been able to issue the invoice, the houses are still under the control of Yulunda, and Shenzhen Nanshan District Housing and Construction Bureau has not paid the repurchase funds.

On September 1, 2022, Shenzhen Nanshan District Housing and Construction Bureau filed a lawsuit with the People’s Court of Futian District with SZCG as the defendant, requesting the court to:

1. Judge the defendant SZCG to fulfill its obligation of assistance and issue the corresponding legal tax-included invoice to the plaintiff according to the amount of the repurchase funds, with the invoice amount of RMB 3,898,814.22 yuan.
2. The defendant shall bear the legal costs in this case.

SZCG filed a jurisdiction objection with the People’s Court of Futian District.

On May 11, 2023, the People’s Court of Futian District made a ruling to reject the objection raised by the defendant SZCG to the jurisdiction of the case.

On May 18, 2023, SZCG appealed to Shenzhen Intermediate People’s Court, requesting: 1. Revoke the civil ruling of the People’s Court of Futian District on rejecting jurisdiction objection [(2023) Y0304MCH No.7416]; 2. Transfer the case to the People’s Court of Nanshan District.

On June 20, 2023, Shenzhen Intermediate People’s Court made a ruling to reject the appeal and uphold the original ruling.

On July 3, 2023, SZCG requested the People’s Court of Futian District to add Yulunda as the third party to participate in the lawsuit of the case.

On July 3, 2023, SZCG filed a counterclaim with the People’s Court of Futian, requesting: 1. Terminate the counterclaim of the Repurchase Agreement signed by the plaintiff and the defendant on April 26, 2019; 2. Order the counterclaim defendant to bear the counterclaim costs in the case.

The case was heard on July 18, 2023, and the court has not made a judgment yet.

(18) Construction contract dispute between Zhonggang Construction and Dongguan Logistics

Zhonggang Construction Group Co., Ltd. (hereinafter referred to as “Zhonggang Construction”) and Dongguan Logistics signed the “Agreement on Design, Construction and Construction Management of SZCG Storage Supporting Terminal Project in Freshwater Estuary Operation Area in Machong Port, Humen Port” in 2016, agreeing that Zhonggang Construction shall undertake the engineering design and construction management of Dongguan Logistics terminal. Six engineering changes were added in the project, and there were differences in engineering volume and engineering settlement. In order to ensure the normal production and operation of Dongguan Logistics, both parties settled and paid the part that was not in dispute (i.e. 104,969,795.62 yuan), while suspended the payment for the part that was in dispute (i.e. 15,614,042.53 yuan) through negotiation or litigation. Zhonggang Construction cooperated with Dongguan Logistics to successfully pass the completion acceptance of the first phase of the terminal, and Dongguan Logistics obtained the "Port Operation License of the People's Republic of China". As of June 2022, Dongguan Logistics has paid 104,969,795.62 yuan to Zhonggang Construction.

On April 24, 2023, Dongguan Logistics received the “Civil Complaint” and other relevant documents. Zhonggang Construction filed a lawsuit with Dongguan Logistics as the defendant to the First People’s Court of Dongguan, requesting: 1. Order the defendant to pay 15,614,042.53 yuan to the plaintiff for the project; 2. Order the defendant to pay the interest on the overdue payment to the plaintiff (temporarily amounting to 6,072,161.58 as of February 24, 2023); 3. Order the defendant to bear all litigation costs of the case amounting to 21,686,204.11 yuan.

On April 26, 2023, Dongguan Logistics applied to the First People’s Court of Dongguan for an extension of proof.

On May 24, 2023, Dongguan Logistics, as a counterclaim plaintiff, filed a counterclaim with Zhonggang Construction as the counterclaim defendant to the First People’s Court of Dongguan, requesting: 1. Order the counterclaim defendant to pay the counterclaim plaintiff liquidated damages of 2,019,781.68 yuan (based on the provisional settlement price of the project of 100,989,083.8 yuan, calculated according to 2% of the provisional settlement price of the project, and the amount of liquidated damages is finally calculated on the basis of the total project price determined by the court); 2. Order the counterclaim defendant to bear all counterclaim costs in the case.

On June 5, 2023, Zhonggang Construction added a claim: The defendant shall compensate the plaintiff for the loss of 6,020,000 yuan for the delay in the construction.

On June 5, 2023, both parties held the first pre-trial meeting in the First People’s Court of Dongguan.

On June 9, 2023, the First People’s Court of Dongguan informed that since the respondent Guangdong Province Planning & Design Institute for Water Transportation Co., Ltd. had an interest in the case, in order to ascertain the facts of the case, the plaintiff’s application was allowed to add Guangdong Province Planning & Design Institute for Water Transportation Co., Ltd. as the third party in the case to participate in the lawsuit.

On June 15, 2023, the First People’s Court of Dongguan served a summons and held the second pre-trial meeting on July 6, 2023.

On June 30, 2023, Zhonggang Construction filed a lawsuit to Guangzhou Maritime Court, with Dongguan Logistics as the defendant and Guangdong Province Planning & Design Institute for Water Transportation Co., Ltd. as the third party, requesting: 1. Order the defendant to pay 15,614,042.53 yuan to the plaintiff for the project; 2. Order the defendant to pay the interest on overdue payment to the plaintiff (the specific calculation method is detailed in the "Interest Calculation Table", temporarily calculated to June 30, 2023, in an amount of 6,371,309.53

yuan); 3. Order the defendant to compensate the plaintiff for the loss of 6,020,000 yuan for the delay in construction; 4. Order the defendant to bear all litigation costs of the case.

The total amount of the above claims 1 to 3 is 28,005,352.06 yuan.

On July 4, 2023, Zhonggang Construction applied to the First People's Court of Dongguan for withdrawal of the lawsuit due to the change of jurisdiction, and planned to file another lawsuit with the Maritime Court.

On July 5, 2023, Dongguan Logistics applied to the First People's Court of Dongguan to withdraw the counterclaim in response to the aforementioned situation, and simultaneously prepared to respond to the litigation from the Maritime Court.

On July 21, 2023, Guangzhou Maritime Court sent a summons, a notice of response and other legal documents to SZCG Logistics (Dongguan) Co., Ltd. A pre-trial meeting and the hearing will be held for the case in the litigation service center of Guangzhou Maritime Court in Haizhu District, Guangzhou on September 11, 2023.

On August 11, 2023, the First People's Court of Dongguan made a civil ruling and agreed both parties to withdraw the lawsuit.

(2) If the Company has no important contingency need to disclosed, explain reasons

The Company has no important contingency that need to disclose.

3. Other

XV. Events after balance sheet date

1. Important non-adjustment matters

Unit: RMB/CNY

Item	Content	Impact on financial status and operation results	Reasons of failure to estimate the impact
------	---------	--	---

2. Profit distribution

3. Sales return

4. Other events after balance sheet date

XVI. Other important events

1. Previous accounting errors correction

(1) Retrospective restatement

Unit: RMB/CNY

Content of accounting error correction	Procedures	Items impact during every comparative period	Accumulated impact
--	------------	--	--------------------

(2) Prospective application

Content of accounting error correction	Approval procedure	Reasons for adopting the prospective applicable method
--	--------------------	--

2. Debt restructuring

3. Assets exchange

(1) Exchange of non-monetary assets

(2) Other assets exchange

4. Pension plan

5. Discontinuing operation

Unit: RMB/CNY

Item	Revenue	Expenses	Total profit	Income tax expenses	Net profit	Profit of discontinuing operation attributable to owners of parent company
------	---------	----------	--------------	---------------------	------------	--

Other explanation

6. Segment

(1) Recognition basis and accounting policy for reportable segment

(2) Financial information for reportable segment

Unit: RMB/CNY

Item		Offset between segments	Total

(3) Explain reasons in case the Company has no segments, or is unable to disclose total assets and liabilities of segments

(4) Other explanation

7. Other major transaction and events makes influence on investor's decision

8. Other

XVII. Notes to main items of financial statements of parent company

1. Account receivable

(1) Account receivable classified by category

Unit: RMB/CNY

Category	Ending balance					Opening balance				
	Book balance		Provision for bad debt		Book value	Book balance		Provision for bad debt		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	
Account receivable with provision for bad debt accrual on a single basis	28,453.08	0.06%	28,453.08	100.00%		28,453.08	0.03%	28,453.08	100.00%	
Including:										
Account receivable with provision for bad debt accrual on portfolio	46,241,796.86	99.94%	4,932.03	0.01%	46,236,864.83	87,199,110.87	99.97%	4,932.03	0.01%	87,194,178.84
Including:										
Portfolio of sales receivable	94,336.60	0.20%	4,932.03	5.23%	89,404.57	59,425.60	0.07%	4,932.03	8.30%	54,493.57
Object-specific portfolio	46,147,460.26	99.74%			46,147,460.26	87,139,685.27	99.90%			87,139,685.27
Total	46,270,249.94	100.00%	33,385.11		46,236,864.83	87,227,563.95	100.00%	33,385.11		87,194,178.84

Accrual of provision for bad debt on single item: 28,453.08 yuan

Unit: RMB/CNY

Name	Ending balance			
	Book balance	Provision for bad debt	Accrual ratio	Accrual causes
Other accrual on single basis	28,453.08	28,453.08	100.00%	Extremely low possibility of recovery
Total	28,453.08	28,453.08	--	--

Accrual of provision for bad debt on portfolio: 4,932.03 yuan

Unit: RMB/CNY

Name	Ending balance		
	Book balance	Provision for bad debt	Accrual ratio
Portfolio of sales receivable	94,336.60	4,932.03	5.23%
Object-specific portfolio	46,147,460.26		
Total	46,241,796.86	4,932.03	

Explanation on the basis to determine such portfolio:

Accrual of provision for bad debt on portfolio:

Unit: RMB/CNY

Name	Ending balance		
	Book balance	Provision for bad debt	Accrual ratio

Explanation on the basis to determine such portfolio:

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

Applicable Not applicable

By account age

Unit: RMB/CNY

Account age	Book balance
Within one year(including one year)	46,232,944.26
Over 3 years	37,305.68
4-5 years	8,852.60
Over 5 years	28,453.08
Total	46,270,249.94

(2) Provision for bad debt accrual, collected or reversal in the period

Provision for bad debt accrual in the period:

Unit: RMB/CNY

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

			reversal			
Other accrual on single basis	28,453.08					28,453.08
Portfolio of sales receivable	4,932.03					4,932.03
Total	33,385.11					33,385.11

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

Unit: RMB/CNY

Enterprise	Amount collected or reversal	Collection way
------------	------------------------------	----------------

(3) Account receivable actually written-off in the period

Unit: RMB/CNY

Item	Amount written-off
------	--------------------

Including major account receivable written-off:

Unit: RMB/CNY

Enterprise	Nature	Amount written-off	Cause of written-off	Procedure of written-off	Resulted by related transaction (Y/N)
------------	--------	--------------------	----------------------	--------------------------	---------------------------------------

Explanation on account receivable written-off:

(4) Top 5 accounts receivable at ending balance by arrears party

Unit: RMB/CNY

Enterprise	Ending balance of accounts receivable	Proportion in total receivables at ending balance (%)	Ending balance of bad debt reserve
Total			

(5) Amount of assets and liabilities formed by transferring of account receivable and continuing to be involved

Other explanation:

(6) Accounts receivable derecognized due to the transfer of financial assets

2. Other account receivable

Unit: RMB/CNY

Item	Ending balance	Opening balance
Other account receivable	1,637,542,361.56	1,560,888,393.94
Total	1,637,542,361.56	1,560,888,393.94

(1) Interest receivable

1) By category

Unit: RMB/CNY

Item	Ending balance	Opening balance
------	----------------	-----------------

2) Important overdue interest

Borrower	Ending balance	Overdue time	Overdue causes	Whether impairment occurs and its judgment basis
----------	----------------	--------------	----------------	--

Other explanation:

3) Accrual of provision for bad debt

Applicable Not applicable

(2) Dividend receivable

1) By category

Unit: RMB/CNY

Item (or the invested entity)	Ending balance	Opening balance
-------------------------------	----------------	-----------------

2) Important dividend receivable with account age over one year

Unit: RMB/CNY

Item (or the invested entity)	Ending balance	Account age	Reasons for not collection	Whether impairment occurs and its judgment basis
-------------------------------	----------------	-------------	----------------------------	--

3) Accrual of provision for bad debt

Applicable Not applicable

Other explanation:

(3) Other account receivable

1) By nature

Unit: RMB/CNY

Nature	Ending book balance	Opening book balance
Margin and deposit	1,008,000.00	1,054,999.00
Other intercourse funds	1,664,379,255.30	1,587,678,288.68
Total	1,665,387,255.30	1,588,733,287.68

2) Accrual of provision for bad debt

Unit: RMB/CNY

Provision for bad debt	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance on Jan. 1, 2023	213,626.85		27,631,266.89	27,844,893.74
Balance on Jan. 1, 2023 in the period				
Balance on June 30, 2023	213,626.85		27,631,266.89	27,844,893.74

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

Applicable Not applicable

By account age

Unit: RMB/CNY

Account age	Book balance
Within one year(including one year)	1,638,892,849.95
2-3 years	1,000,000.00
Over 3 years	25,494,405.35
4-5 years	436,664.33
Over 5 years	25,057,741.02
Total	1,665,387,255.30

3) Provision for bad debt accrual, collected or reversal in the period

Provision for bad debt accrual in the period:

Unit: RMB/CNY

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

Accrual of provision for bad debt on single item	27,631,266.89					27,631,266.89
Accrual of provision for bad debt on portfolio	213,626.85					213,626.85
Total	27,844,893.74					27,844,893.74

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

Unit: RMB/CNY

Enterprise	Amount reversal or collected	Collection way
------------	------------------------------	----------------

4) Other account receivable actually written-off in the period

Unit: RMB/CNY

Item	Amount written-off
------	--------------------

Including important other account receivable written-off:

Unit: RMB/CNY

Enterprise	Nature	Amount written-off	Written-off causes	Procedure of written-off	Resulted by related transaction (Y/N)
------------	--------	--------------------	--------------------	--------------------------	---------------------------------------

Explanation on other account receivable written-off:

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

Unit: RMB/CNY

Enterprise	Nature	Ending balance	Account age	Ratio in total ending balance of other account receivables	Ending balance of bad debt reserve
------------	--------	----------------	-------------	--	------------------------------------

6) Other account receivables related to government grants

Unit: RMB/CNY

Enterprise	Government grants	Ending balance	Ending account age	Time, amount and basis for collection predicted
------------	-------------------	----------------	--------------------	---

7) Other receivables de-recognized due to the transfer of financial assets

8) Amount of assets and liabilities formed by transfer of other receivable and continuing to be involved

Other explanation:

3. Long-term equity investment

Unit: RMB/CNY

Item	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investment in subsidiary	4,039,319,425.09	5,500,000.00	4,033,819,425.09	4,039,319,425.09	5,500,000.00	4,033,819,425.09
Investment in joint venture and associated enterprise	2,927,628.53	2,927,628.53		2,927,628.53	2,927,628.53	
Total	4,042,247,053.62	8,427,628.53	4,033,819,425.09	4,042,247,053.62	8,427,628.53	4,033,819,425.09

(1) Investment in subsidiary

Unit: RMB/CNY

Invested entity	Opening balance(book value)	Current changes (+/-)				Ending balance(book value)	Ending balance of impairment provision
		Additional investment	Capital reduction	Accrual of impairment provision	Other		
Shenbao Industry & Trade							5,500,000.00
Shenliang Food	80,520,842.36					80,520,842.36	
Shenbao Huacheng	223,228,545.91					223,228,545.91	
Huizhou Shenbao	60,000,000.00					60,000,000.00	
Shenbao Technology	50,000,000.00					50,000,000.00	
Shenbao Investment	3,291,415,036.82					3,291,415,036.82	
SZCG	306,980,000.00					306,980,000.00	
Dongguan Logistics	21,675,000.00					21,675,000.00	
Wuhan Jiacheng	4,033,819,425.09					4,033,819,425.09	5,500,000.00

Total	4,048,519,425.09	54,676,764.11	69,376,764.11			4,033,819,425.09	5,500,000.00
-------	------------------	---------------	---------------	--	--	------------------	--------------

(2) Investment in associated enterprises and joint venture

Unit: RMB/CNY

Investment company	Opening balance (book value)	Current changes (+/-)								Ending balance (book value)	Ending balance of impairment provision
		Additional investment	Capital reduction	Investment gains recognized under equity	Other comprehensive income adjustment	Other equity change	Cash dividend or profit announced to issued	Accrual of impairment provision	Other		
I. Joint venture											
II. Associated enterprise											
Shenzhen Shenbao (Liaoyuan) Industrial Company											57,628.53
Shenzhen Shenbao (Xinmin) Foods Co., Ltd											2,870,000.00
Changzhou Shenbao Chacang E-busin											

ess Co., ltd.											
Subtotal											2,927,628.53
Total											2,927,628.53

(3) Other explanation

4. Operating revenue and operating cost

Unit: RMB/CNY

Item	Current Period		Last Period	
	Revenue	Cost	Revenue	Cost
Main business	80,328,054.38	235,795.14	94,652,563.62	235,795.14
Other business	137,609.18		80,008.26	
Total	80,465,663.56	235,795.14	94,732,571.88	235,795.14

Revenue-related information:

Unit: RMB/CNY

Category	Branch 1	Branch 2		Total
Product types				
Including:				
Classification by business area				
Including:				
Market or customer type				
Including:				
Contract types				
Including:				
Classification by time of goods transfer				
Including:				

Classification by contract duration				
Including:				
Classification by sales channel				
Including:				
Total				

Information related to performing obligations:

Nil

Information related to the transaction price apportioned to the remaining performance obligations:

The amount of income corresponding to performing obligations that have been signed at the end of this reporting period but have not yet been fulfilled or have not done with fulfillment is 0.00 yuan, among them, 0.00 yuan of revenue is expected to be recognized in the year

Other explanation:

5. Investment income

Unit: RMB/CNY

Item	Current Period	Last Period
Financing income	975,629.57	2,279,175.50
Total	975,629.57	2,279,175.50

6. Other

XVIII. Supplementary information

1. Current extraordinary gains/losses

Applicable Not applicable

Unit: RMB/CNY

Item	Amount	Note
Gains/losses from the disposal of non-current asset (Including the offsetting portion of the provision for impairment of assets that has been withdrawn)	1,587,775.37	
Governmental grants reckoned into current gains/losses (except for those with normal operation business concerned, and conform to the national policies & regulations and are continuously enjoyed at a fixed or quantitative basis according to certain standards)	5,788,072.14	

Profit and loss of assets delegation on others' investment or management	3,107,648.76	
Except for the effective hedging operations related to normal business operation of the Company, the gains/losses of fair value changes from holding the tradable financial assets and tradable financial liabilities, and the investment earnings obtained from disposing the trading financial asset, trading financial liability and financial assets available for sale	174,961.34	
Other non-operating income and expenditure except for the aforementioned items	143,428.04	
Less: Impact on income tax	1,679,903.52	
Impact on minority shareholders' equity	76,167.07	
Total	9,045,815.06	--

Details of other gains/losses items that meets the definition of extraordinary gains/losses:

Applicable Not applicable

The Company has no other gains/losses items that meet the definition of extraordinary gains/losses.

Explain the items defined as recurring gains/losses items according to the lists of extraordinary gains/losses in Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Gains/Losses.

Applicable Not applicable

2. ROE and earnings per share

Profits during reporting period	Weighted average ROE	Earnings per share	
		Basic earnings per share (RMB/Share)	Diluted earnings per share (RMB/Share)
Net profit attributable to common shareholders of the company	3.47%	0.1459	0.1459
Net profit attributable to common shareholders of the company after deducting nonrecurring gains/losses	3.28%	0.1380	0.1380

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

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

Applicable Not applicable

Unit: RMB/CNY

	Net profit		Net assets	
	Current Period	Last Period	Ending balance	Opening balance
Chinese GAAP	168,149,768.31	237,527,782.93	4,643,162,339.43	4,762,973,461.81
Items and amount adjusted by IAS:				

Adjustment for other payable fund of stock market regulation			1,067,000.00	1,067,000.00
IAS	168,149,768.31	237,527,782.93	4,644,229,339.43	4,764,040,461.81

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

Applicable Not applicable

(3) Explanation on data differences under the accounting standards in and out of China; as for the differences adjustment audited by foreign auditing institute, listed name of the institute

4. Other