

Shandong Zhonglu Oceanic Fisheries Co., Ltd.

Annual Report of 2023

[Time of Disclosure]

Annual Report of 2023

Section I Important Information, Contents, and Definitions

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

Liang Shanglei, the principal of the Company, Fu Chuanhai, the person in charge of accounting, and Lei Lixin, the person in charge of the accounting body (accounting supervisor), declare that the financial report in this annual report is true, accurate, and complete. All directors attended the Board meeting at which this report was considered.

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

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

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

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

Contents

Section I Important Information, Content, and Definitions.....	2
Section II Section II Company Introduction and Key Financial Indicators.....	6
Section III The Management's Discussion and Analysis.....	11
Section IV Corporate Governance.....	28
Section V Environmental and Social Responsibility.....	44
Section VI Important Matters.....	46
Section VII Changes in Shares and Information on Shareholders.....	53
Section VIII Preferred Shares.....	59
Section IX Bonds.....	60
Section X Financial Report.....	61

List of Documents for Reference

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

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

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

(IV) The text of the Company's annual report for 2023 with the signature of the legal representative.

Definitions

Term	Refers to	Content
The Company, Company, or Zhonglu Oceanic	Refers to	Shandong Zhonglu Oceanic Fisheries Co., Ltd.
Shandong Guotou	Refers to	Shandong State-owned Assets Investment Holdings Co., Ltd.
Provincial SASAC	Refers to	Shandong Provincial State-owned Assets Supervision and Administration Commission
CSRC	Refers to	China Securities Regulatory Commission
This report	Refers to	The annual report of 2023 prepared by the Company
Zhonglu Haiyan	Refers to	Shandong Zhonglu Haiyan Oceanic Fisheries Co., Ltd.
Zhonglu Food	Refers to	Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd.

Section II Company Introduction and Key Financial Indicators

I. Company's Information

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

II. Contact Person and Contact Information

	Board Secretary	Securities Affairs Representative
Name	Liang Shanglei	Tang Yuntao
Address	25th Floor, Building 1, Guoxin Financial Center, No. 31 Xianxialing Road, Laoshan District, Qingdao, Shandong	25th Floor, Building 1, Guoxin Financial Center, No. 31 Xianxialing Road, Laoshan District, Qingdao, Shandong
Tel	0532-55717968	0532-55715968
Fax	0532-55719258	0532-55719258
Email	zl000992@163.com	zl000992@163.com

III. Information Disclosure and Place of Report Storage

Stock exchange website where the Company discloses the annual report	China Securities Journal
Media name and website where the Company discloses the annual report	CNINFO http://www.cninfo.com.cn
Place of annual report storage	Company's Board Office

IV. Registration Changes

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

	<p>November 30, 2000, the Company’s business scope changed from “high sea and long range fishing; the culture, processing, and sales of aquatic products; the import and export of commodities within the approved scope; the manufacture and sales of machine-made ice; the manufacture, installation, and repair of refrigeration equipment; the leasing of refrigeration storage” to “high sea and long range fishing; the culture, processing, and sales of aquatic products; the import and export of commodities within the approved scope; the manufacture and sales of machine-made ice; the manufacture, installation, and repair of refrigeration equipment; refrigeration and cold storage.” (3) On May 28, 2002, the Company’s business scope changed from “high sea and long range fishing; the culture, processing, and sales of aquatic products; the import and export of commodities within the approved scope; the manufacture and sales of machine-made ice; the manufacture, installation, and repair of refrigeration equipment; refrigeration and cold storage” to “high sea and long range fishing; the culture, processing, and sales of aquatic products; the import and export of commodities within the approved scope; the manufacture and sales of machine-made ice; the manufacture, installation, and repair of refrigeration equipment; refrigeration and cold storage; loading, unloading, and handling services.” (4) On June 6, 2006, the Company’s business scope changed from “high sea and long range fishing; the culture, processing, and sales of aquatic products; the import and export of commodities within the approved scope; the manufacture and sales of machine-made ice; the manufacture, installation, and repair of refrigeration equipment; refrigeration and cold storage; loading, unloading, and handling services” to “high sea and long range fishing; the processing and sales of aquatic products; the import and export of commodities within the approved scope; the manufacture and sales of machine-made ice; the manufacture, installation, and repair of refrigeration equipment; refrigeration and cold storage; loading, unloading, and handling services.” (5) On May 16, 2007, the Company’s business scope changed from “high sea and long range fishing; the processing and sales of aquatic products; the import and export of commodities within the approved scope; the manufacture and sales of machine-made ice; the manufacture, installation, and repair of refrigeration equipment; refrigeration and cold storage; loading, unloading, and handling services” to “high sea and long range fishing; the processing and sales of aquatic products; the import and export of commodities within the approved scope; the manufacture and sales of machine-made ice; the manufacture, installation, and repair of refrigeration equipment; refrigeration and cold storage; loading, unloading, and handling services; property leasing.”</p>
<p>Changes in the controlling shareholder (if any)</p>	<p>In December 2006, 88,000,000 shares of the Company held by Shandong Aquaculture Enterprise Group as a state-owned legal person were transferred to Shandong Guotou through judicial auction procedures and a court ruling. On June 21, 2007, Shandong Guotou received the Confirmation of Transferred Ownership Registration from China Securities Depository and Clearing Co., Ltd. Shenzhen Branch, which stated that the transfer procedures had been completed. By then, Shandong Guotou held 88,000,000 shares of the Company as a state-owned legal person, accounting for 33.07% of the Company’s total share capital. On July 20, 2018, Shandong Guotou signed the Agreement for the Share Transfer of Shandong Zhonglu Oceanic Fisheries Co., Ltd. with Lucion Group to receive 37,731,320 shares held by Lucion Group as a state-owned legal person, accounting for 14.18% of the Company’s total share capital. On November 16, 2018, Shandong Guotou received the Confirmation of Transferred Securities Ownership Registration, which stated that the transfer procedures had been completed. As of December 31, 2022, Shandong Guotou held 125,731,320 shares of the Company as a state-owned legal person, accounting for 47.25% of the Company’s total share capital. Hence, Shandong Guotou became the Company’s controlling shareholder.</p>

V. Other Relevant Information

Accounting firm engaged by the Company

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

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

Applicable Not applicable

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

Applicable Not applicable

VI. Key Accounting Data and Financial Indicators

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

Yes No

	2023	2022	Increase/Decrease	2021
Operating revenue (RMB)	1,145,252,422.09	985,428,305.37	16.22%	934,284,403.21
Net profits attributable to the Company's shareholders (RMB)	39,599,325.61	30,239,511.38	30.95%	35,526,982.23
Net profits attributable to the Company's shareholders after deducting nonrecurring items (RMB)	34,139,489.17	22,593,100.41	51.11%	30,732,469.56
Net cash flows from operating activities (RMB)	81,536,757.82	12,732,673.10	540.37%	169,895,824.82
Base earnings per share (RMB/share)	0.1488	0.1137	30.87%	0.1355
Diluted earnings per share (RMB/share)	0.1488	0.1137	30.87%	0.1355
Weighted average return on equity	3.93%	3.12%	0.81%	3.87%
	At the end of 2023	At the end of 2022	Increase/Decrease	At the end of 2021
Total assets (RMB)	2,048,135,067.78	1,838,429,134.17	11.41%	1,400,134,960.71
Net assets attributable to the Company's shareholders (RMB)	1,029,594,896.14	987,072,734.95	4.31%	933,535,874.90

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

Yes No

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

Yes No

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

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

Applicable Not applicable

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

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

Applicable Not applicable

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

VIII. Key Financial Indicators by Quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Operating revenue	225,222,371.08	228,996,893.12	253,823,146.01	437,210,011.88
Net profits attributable to the Company's shareholders	-3,004,775.96	-7,196,557.06	39,311,407.36	10,489,251.27
Net profits attributable to the Company's shareholders after deducting nonrecurring items	-3,969,137.32	-8,277,290.19	38,095,318.72	8,290,597.96
Net cash flows from operating activities	-26,490,464.03	-27,975,495.58	68,651,807.38	67,350,910.05

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

Yes No

IX. Nonrecurring Items and Amounts

Applicable Not applicable

Unit: RMB

Item	Amount for 2023	Amount for 2022	Amount for 2021	Remark
Gains or losses from the disposal of non-current assets (including the write-offs for which the asset impairment provision was accrued)	-84,285.00	5,068,847.43	3,494,326.93	
Government subsidies recognized in the profit or loss (excluding government subsidies that are closely associated with the Company's ordinary course of business,	3,914,296.75	2,140,540.56	2,484,454.50	

comply with national policies, are enjoyed according to established standards, and have continuous effects on the Company's profit or loss)				
Gains or losses from fair value change arising from the financial assets and financial liabilities held by non-financial businesses and gains or losses from the disposal of financial assets and financial liabilities, except for effective hedging business related to the Company's ordinary course of business	-79,486.61	1,172,034.24	49,972.60	
Profit/loss on debt restructuring			-127,527.03	
Trustee income from trusteeship	1,698,113.20	1,273,584.91		
Other non-operating incomes and expenditures than the above	1,583,319.90	117,625.16	798,473.53	
Less: amount of the effect of the income tax	286,560.82	1,587,719.20	1,086,874.90	
amount of the effect of the minority interest (after tax)	1,285,560.98	538,502.13	818,312.96	
Total	5,459,836.44	7,646,410.97	4,794,512.67	--

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

Applicable Not applicable

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

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

Applicable Not applicable

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

Section III The Management's Discussion and Analysis

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

Overview of the Company's industry: According to the statistics of the State Council Information Office, China had 177 approved enterprises and 2,551 vessels (including 1,498 high seas fishing vessels) in the distant-water fishing industry in 2022, which operated in the high seas of the Pacific, Indian and Atlantic oceans, and the seas around Antarctica, as well as in the waters under the jurisdiction of cooperating countries. Overseas fishing is China's strategic industry and plays an important role in building a "maritime community with a shared future" and "a strong marine country" and implementing the strategy of "going global" and the "Belt and Road" initiative. It has great significance for increasing the supply of high-quality domestic and foreign aquatic products, ensuring food safety, and promoting bilateral and multilateral cooperation in the fishery. China's overseas fishing started in 1985, and China has become one of the world's major overseas fishing countries over more than three decades of development. Its operation seas include seas in the exclusive economic zones of more than 40 countries, the high seas in the Pacific, Atlantic, and Indian Oceans, as well as the seas in Antarctica. Climbing to the world's top in size, China's overseas fishing industry is characterized by a gradually improving industrial structure, substantially improved equipment, much stronger scientific and technological support, and an ever-improving management system. It is developing towards "transformation, upgrading, and standardized management." However, in terms of scientific and technological support and the ability to develop and utilize comprehensive resources, China remains in a lower position with a big gap from advanced countries. Meanwhile, negative factors such as the rapidly rising costs of human resources and the shortage of workers for the industry, in particular crew members, are expected to disturb the development of long range fishing on a long-term basis. Companies need to continuously increase spending on science and technology, accelerate transformation and upgrading, and improve their core competitiveness to actively respond to fast-changing industrial developments.

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

II. Company's Main Businesses during the Reporting Period

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

1. Long range fishing

During the Reporting Period, the Company had 27 distant-water fishing boats, including 14 large ultra-low temperature tuna longliners, nine (sets of) large tuna seiners, two medium-sized trawlers, and two squid fishing boats, in 2023, the Company's production in the cooperating zones was good, representing a substantial increase compared with the corresponding period in the prior year. (2) The Company carried out seining in the Atlantic and the Western-central Pacific; seven (sets of) seiners operated in the Atlantic, which brought considerable production; the other two boats that were built in the year were put into production in the Western-central Pacific, which brought steadily increasing production. (3) Production by the two squid fishing boats decreased as it

took a long time for them to transfer to different fisheries in the first half of 2023. (4) The Company's trawlers were undergoing replacement and thus did not carry out production.

2. Cold storage transportation

During the Reporting Period, the Company's eight large distant-water transportation vessels are equipped with advanced equipment, feature good performance, and provide standard services under strict management. They are suitable for the distant-water frozen and cold storage transport of aquatic products, meat, poultry, vegetables, and fruits. The vessels provide services to some seas and ports in the Western-central Pacific, the Indian Ocean, the Atlantic, and North and South America. The vessels were focused on their main responsibilities and businesses, upheld the principles of stability and strictness, and continuously improved leadership, staff management, and professional skills. They prioritized the development of a talent team and deepened the "introduction, cultivation, utilization, and retention" of talents. In terms of safety, the vessels strengthened awareness of the bottom line of production safety and consolidated the defense line according to high standards and strict requirements to achieve positive interactions between high-quality development and high-level security.

3. Cold storage processing and trade

The Company's cold storage processing and trade segment during the Reporting Period: Despite the fact that the pandemic was over, due to the impact of a combination of factors, including political factors, market factors, and consumption concepts, the price of raw materials plunged, and the inventory on the international consumption market continued to grow without being consumed. The Company strengthened efforts to develop the market and expand its business volume. More than 20 tuna species were processed in this segment, including yellowfin tuna, bluefin tuna, longfin tuna, swordfin tuna, redfin tuna, and blackfin tuna. They were processed into tuna slices, chops, and plates. The products were mostly exported to Japan, Russia, the European Union, and South Korea. The Company has passed the HACCP, EU, BRC, MSC, and BSCI certifications. For domestic sales, the Company promotes "custom services" offline, develops "popular science + publicity" online, accelerates the development of "brand + innovation" dual drivers, and upgrades its business throughout the whole industrial chain of "fishing, transportation, storage, and supply." The Company combines tuna fish with "industrial tourism" to form the "tourism + promotion" new marketing model.

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

Market position: the vice-presidential unit of the China Overseas Fisheries Association and the presidential unit of the Qingdao Overseas Fisheries Association.

III. Analysis of Core Competitiveness

The Company is a comprehensive and export-oriented company engaged in overseas fishing that was incorporated in July 1999 with the approval of the Shandong Provincial People's Government. It has a well-established industrial chain and is a leading enterprise in Shandong's overseas fishing industry. As a comprehensive listed fishing company, the Company's core competitiveness lies in the following aspects: (1) Through more than 20 years of development, the Company has grown into a comprehensive fishing enterprise that is engaged in a combination of businesses, including overseas fishing, deep processing, trading, cold storage logistics, marine transportation, the development and production of marine biomedicines, and entrepreneurship and investment in the modern marine industry. The Company's main businesses involve key links in the industrial chain. The businesses of the Company's operating entities are highly associated, which meets the conditions for holistically collaborative operations. This provides a guarantee for the Company to reform its operations and strengthen and extend the industrial chain. (2) As one of the earliest companies engaged in overseas fishing in China, the Company started production and operations early from a high ground with competent human resources and assets. Through years of dedicated operations, the Company has gathered a pool of professionals specializing in relevant fields of the overseas fishing industry. (3) The Company's overseas fishing industry is part of China's strategy of "going global" and building a strong marine country, and Shandong's strategy of building a strong marine province. There are development opportunities from the adjustment of the industrial depth. The Company has 14 ultra-low temperature tuna fishing boats engaged in the longline fishing of tuna in the Indian Ocean. This is one of the Company's main businesses, making outstanding contributions to the Company's business performance over the years. With the protection under the rigorous rules of international

organizations in all the regions, the tuna seining project will enable the Company to achieve stable development in its tuna seining business. (4) Over 30 years of the cultivation of the international marine cold storage market, the Company has established long-term, stable cooperation with many countries and regions, including China, Thailand, the Philippines, Vietnam, Mexico, Ecuador, and Taiwan of China, built a service brand with distinctive “Zhonglu characteristics,” and enjoyed a good reputation on the Asia-Pacific marine cold storage transport market. (5) The Company has the earliest and largest ultra-low temperature refrigeration storage and raw food processing plant in China. Also, the China Tuna Exchange and the newly built electronic tuna trading platform system strengthen the Company’s advantages in tuna processing and trading. (6) The Company carries out long range fishing in the Atlantic, Indian Oceans and Western-central Pacific, reaches most of the world’s major ports with its cold storage transportation, and covers many countries with import and export. With the implementation of the “Belt and Road” strategy, the countries along the “Belt and Road” will have stronger trust in each other and establish closer cooperation. In addition, the Company and the governments at all levels have rolled out a suite of development plans and industrial preference policies. All these have brought new opportunities for the development of the Company. The Company will leverage the aforementioned advantages to pioneer, innovate, forge ahead, and proactively engage itself in the conversion of old and new growth drivers. It will accelerate strategic transformation, vigorously extend the industrial chain, and further improve its influence and competitiveness in domestic and even international markets.

IV. Analysis of Main Businesses

1. Overview

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

2. Revenue and cost

(1) Components of operating revenue

Unit: RMB

	2023		2022		Year-on-year increase/decrease
	Amount	Proportion in operating revenue	Amount	Proportion in operating revenue	
Total operating revenue	1,145,252,422.09	100%	985,428,305.37	100%	16.22%
By industry					
Long range fishing	587,596,974.83	51.31%	397,948,714.28	40.38%	47.66%
Cold storage transportation	133,990,730.81	11.70%	104,833,584.94	10.64%	27.81%
Cold storage processing and trading	484,346,724.57	42.29%	530,394,523.46	53.82%	-8.68%
Others	7,275,475.75	0.64%	6,206,115.41	0.63%	17.23%
Offset of internal transactions	-67,957,483.87	-5.93%	-53,954,632.72	-5.48%	25.95%
By product					
Long range fishing	587,596,974.83	51.31%	397,948,714.28	40.38%	47.66%
Cold storage transportation	133,990,730.81	11.70%	104,833,584.94	10.64%	27.81%
Cold storage processing and trading	484,346,724.57	42.29%	530,394,523.46	53.82%	-8.68%
Others	7,275,475.75	0.64%	6,206,115.41	0.63%	17.23%
Offset of internal	-67,957,483.87	-5.93%	-53,954,632.72	-5.48%	25.95%

transactions					
By region					
China	674,787,548.22	58.92%	614,027,918.84	62.31%	9.90%
Foreign countries	538,422,357.74	47.01%	425,355,019.25	43.16%	26.58%
Offset of internal transactions	-67,957,483.87	-5.93%	-53,954,632.72	-5.48%	25.95%
By sales model					
Direct sales	1,145,252,422.09	100.00%	985,428,305.37	100.00%	16.22%

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

Applicable Not applicable

Unit: RMB

	Operating revenue	Operating costs	Gross profit margin	Year-on-year increase/decrease in operating revenue	Year-on-year increase/decrease in operating costs	Year-on-year increase/decrease in gross profit margin
By industry						
Long range fishing	587,596,974.83	524,746,569.37	10.70%	47.66%	51.63%	-2.34%
Cold storage transportation	133,990,730.81	98,561,814.99	26.44%	27.81%	10.53%	11.50%
Cold storage processing and trading	484,346,724.57	443,980,508.64	8.33%	-8.68%	-9.45%	0.77%
By product						
Long range fishing	587,596,974.83	524,746,569.37	10.70%	47.66%	51.63%	-2.34%
Cold storage transportation	133,990,730.81	98,561,814.99	26.44%	27.81%	10.53%	11.50%
Cold storage processing and trading	484,346,724.57	443,980,508.64	8.33%	-8.68%	-9.45%	0.77%
By region						
China	674,787,548.22	604,369,941.62	10.44%	9.90%	15.74%	-4.52%
Foreign countries	538,422,357.74	465,075,908.56	13.62%	26.58%	14.69%	8.95%
By sales model						
Direct sales	1,145,252,422.09	997,975,267.34	12.86%	16.22%	14.22%	1.52%

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

Applicable Not applicable

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

Yes No

Industry category	Item	Unit	2023	2022	Year-on-year increase/decrease
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Long range fishing	Sales volume	Ton	42,363	30,918	37.02%
	Production	Ton	42,341	38,532	9.89%
	Inventory	Ton	14,287	14,309	-0.15%
Cold storage processing and trading	Sales volume	Ton	13,461	12,629	6.59%
	Production	Ton	14,522	13,867	4.72%
	Inventory	Ton	6,302	5,241	20.24%

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

Applicable Not applicable

The total sales volume of distant-water fishing increased due to the increase in the catch and sales of seining.

(4) Performance of the Company's significant sales contracts and significant purchase contracts as of the Reporting Period

Applicable Not applicable

(5) Components of operating costs

Industry category

Unit: RMB

Industry category	Item	2023		2022		Year-on-year increase/decrease
		Amount	Proportion in operating costs	Amount	Proportion in operating costs	
Long range fishing	Fees for the common of piscary	56,184,735.95	10.71%	12,033,931.09	3.48%	366.89%
Long range fishing	Raw materials	83,788,979.29	15.97%	55,675,851.59	16.09%	50.49%
Long range fishing	Fuel power	178,559,515.43	34.03%	125,427,447.13	36.24%	42.36%
Long range fishing	Staff salaries	73,927,951.66	14.09%	53,803,238.26	15.55%	37.40%
Long range fishing	Depreciation costs	35,044,853.46	6.68%	21,660,438.48	6.26%	61.79%
Long range fishing	Others	97,240,533.57	18.53%	77,459,174.08	22.38%	25.54%
Long range fishing	Total	524,746,569.37	100.00%	346,060,080.63	100.00%	51.63%
Cold storage transportation	Staff salaries	45,146,821.38	45.81%	41,023,514.31	46.00%	10.05%
Cold storage transportation	Depreciation costs	15,484,130.31	15.71%	11,185,555.19	12.54%	38.43%
Cold storage transportation	Supplies	4,824,039.77	4.89%	4,453,482.41	4.99%	8.32%
Cold storage transportation	Inspection costs	244,781.13	0.25%	475,180.74	0.53%	-48.49%
Cold storage transportation	Insurance costs	6,148,325.61	6.24%	4,458,991.35	5.00%	37.89%
Cold storage transportation	Fuel	6,490,133.87	6.58%	4,980,104.66	5.58%	30.32%
Cold storage transportation	Repair costs	5,667,878.96	5.75%	5,083,520.14	5.70%	11.50%

Cold storage transportation	Others	14,555,703.96	14.77%	17,511,691.48	19.64%	-16.88%
Cold storage transportation	Total	98,561,814.99	100.00%	89,172,040.28	100.00%	10.53%
Cold storage processing and trading	Direct raw materials	385,730,463.16	86.88%	413,600,999.63	84.36%	-6.74%
Cold storage processing and trading	Packaging materials	12,376,170.23	2.79%	14,814,847.62	3.02%	-16.46%
Cold storage processing and trading	Salaries	29,267,495.29	6.59%	28,688,397.47	5.85%	2.02%
Cold storage processing and trading	Depreciation	6,233,178.25	1.40%	6,725,714.54	1.37%	-7.32%
Cold storage processing and trading	Others	10,373,201.71	2.34%	26,464,424.56	5.40%	-60.80%
Cold storage processing and trading	Total	443,980,508.64	100.00%	490,294,383.82	100.00%	-9.45%
Others	Labor costs	141,400.00	6.56%	119,830.00	5.56%	18.00%
Others	Out-of-pocket expenses	4,426.70	0.21%	5,077.37	0.24%	-12.82%
Others	Depreciation costs	1,326,076.68	61.48%	1,659,129.99	77.04%	-20.07%
Others	Electricity bills	140,113.49	6.50%	141,118.51	6.55%	-0.71%
Others	Repair costs	99,302.90	4.60%	85,112.57	3.95%	16.67%
Others	Heating expenses	192,899.46	8.94%	143,268.86	6.65%	34.64%
Others	Carry-over of finished product costs	252,737.95	11.72%			100.00%
Others	Total	2,156,957.18	100.00%	2,153,537.30	100.00%	0.16%
Offset of internal transactions		-71,470,582.84		-53,978,482.01		

Note

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

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

Yes No

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

Applicable Not applicable

(8) Key customers and key suppliers

The Company's key customers

Total sales to the top five customers (RMB)	444,359,300.09
Proportion of the total sales to the top five customers in the total sales for the year	38.79%
Proportion of the sales to the related parties of the total sales to the top five customers in the total sales for the year	0.00%

The Company's top five customers

No.	Customer's name	Sales (RMB)	Proportion in the total sales for the year
1	A	158,288,335.81	13.82%
2	B	79,752,069.54	6.96%
3	C	74,675,670.99	6.52%
4	D	70,833,638.76	6.18%
5	E	60,809,584.99	5.31%
Total	--	444,359,300.09	38.79%

Explanation of other situations related to the key customers

Applicable Not applicable

Information of the Company's key suppliers

Total purchases from the top five suppliers (RMB)	345,382,973.71
Proportion of the total purchases from the top five suppliers in the total purchases for the year	42.46%
Proportion of the purchases from the related parties of the total purchases from the top five suppliers in the total purchases for the year	0.00%

The Company's top five suppliers

No.	Supplier's name	Amount of purchase (RMB)	Proportion in the total purchase for the year
1	A	92,602,144.83	11.38%
2	B	92,443,388.84	11.37%
3	C	77,313,412.96	9.51%
4	D	42,169,359.00	5.18%
5	E	40,854,668.08	5.02%
Total	--	345,382,973.71	42.46%

Explanation of other situations related to the key suppliers

Applicable Not applicable

3. Expenses

Unit: RMB

	2023	2022	Year-on-year increase/decrease	Explanation of significant changes
Selling expenses	3,644,441.03	3,380,701.10	7.80%	
Management expenses	68,621,908.48	64,374,235.07	6.60%	
Financial expenses	10,181,066.34	-10,573,553.15	196.29%	It was mainly caused by the decrease in the exchange net income and the increase in the expensed interest upon the transfer of the

				seining project into fixed assets.
R&D expenses	3,276,567.05	3,394,089.25	-3.46%	

4. R&D spending

Applicable Not applicable

Name of key R&D project	Purpose	Progress	Intended objective	Expected impact on the Company's future development
Innovative Recycle of Auxiliary Ingredients of Tuna	To develop and produce higher value-added products	Completed	Recycle of byproducts	Deep processing and high-value development of aquatic products
GuiderStar Full-Scale Vessel Application	Improvement of intelligent equipment applications and software	Completed	To improve the intelligent office work efficiency for vessels, achieve the shore base's real-time monitoring and management of vessels and key machinery and equipment, and reflect the "people-centered" humanistic care concept	Ensuring vessel safety, preventing oil contamination, and providing information for energy conservation and emission reduction
Upgrading of the defrosting system of the storage refrigeration evaporator used for boats	To extend the service life of the storage evaporator, save the costs of equipment maintenance and servicing, and improve the refrigeration effect	Completed	It helps reduce the corrosion of the evaporator pipelines, cooling fins, brackets, defrosting trays, and the evaporator-vicinity walls, floors, and storage bilge wells.	It will lengthen the maintenance cycle, save repair costs, and improve the refrigeration effect.
Research on New Fishing Net Application Technology for Large Tuna Seiners	To improve the professional level and efficiency of fishing boats, reduce fishing production costs, increase economic returns on fishing, and effectively reduce pollution in the marine environment	Completed	To make new fishing net technology promote seining and effectively realize application values	It will reduce fishing preparation time, increase catch, and create a higher catch value.

The Company's R&D personnel

	2023	2022	Changes (%)
Number of R&D personnel (person)	20	31	-35.48%
Proportion of R&D personnel	2.18%	3.29%	-1.11%
Educational backgrounds of R&D personnel			
Bachelor's degree	9	25	-64.00%
Master's degree	3	2	50.00%
Diploma	8	4	100.00%
Age groups of R&D personnel			
Under 30 years old	4	2	100.00%
30 to 40 years old	5	18	-72.22%
Above 40 years old	11	11	0.00%

Information of the Company's R&D spending

	2023	2022	Changes (%)
R&D spending (RMB)	3,276,567.05	3,394,089.25	-3.46%
Proportion of R&D spending in operating revenue	0.29%	0.34%	-0.05%
Capitalized amount of R&D spending (RMB)	0.00	0.00	0.00%
Proportion of capitalized R&D spending in R&D spending	0.00%	0.00%	0.00%

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

5. Cash flow

Unit: RMB

Item	2023	2022	Year-on-year increase/decrease
Subtotal of cash inflows from operating activities	1,246,834,189.84	1,097,521,246.08	13.60%
Subtotal of cash outflows for operating activities	1,165,297,432.02	1,084,788,572.98	7.42%
Net cash flows from operating activities	81,536,757.82	12,732,673.10	540.37%
Subtotal of cash inflows from investment activities	130,058.18	279,235,423.12	-99.95%
Subtotal of cash outflows for investment activities	195,953,698.24	508,356,110.72	-61.45%
Net cash flows from investment activities	-195,823,640.06	-229,120,687.60	14.53%
Subtotal of cash inflows from financing activities	223,035,507.16	454,300,000.00	-50.91%
Subtotal of cash outflows for financing activities	92,564,246.05	229,344,287.69	-59.64%
Net cash flows from financing activities	130,471,261.11	224,955,712.31	-42.00%
Increase in cash and cash equivalents	15,863,080.72	17,615,036.32	-9.95%

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

Applicable Not applicable

(1) For net cash flows from operating activities, inflows increased from the corresponding period in the prior year, which was mainly due to the increase in the cash received from the sale of products and the provision of labor services during the Reporting Period.

(2) For net cash flows from investment activities, outflows decreased from the corresponding period in the prior year, which was mainly due to the decrease in expenditure for the purchase of fixed assets during the Reporting Period.

(3) For net cash flows from financing activities, inflows decreased from the corresponding period in the prior year, which was mainly due to the subsidiaries' absorption of minority shareholders during the corresponding period in the prior year.

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

Applicable Not applicable

For details, refer to "Section X. VII. 53. (1) Complementary information to the cash flow statement."

V. Analysis of Non-main Businesses

Applicable Not applicable

Unit: RMB

	Amount	Proportion in total profits	Reasons of formation	Whether it is sustainable
Investment income	-649,378.77	-1.45%	It was mainly the income from long-term equity investment calculated using the equity method in the Reporting Period.	No
Asset impairment	-67,560,742.65	-150.72%	It was mainly the inventory revaluation reserve accrued during the Reporting Period.	No
Non-operating income	1,583,319.90	3.53%	It was mainly the insurance compensation received during the Reporting Period.	No
Non-operating expenses	98,172.78	0.22%	It was mainly the loss from the scrapping of fixed assets during the Reporting Period.	No

VI. Analysis of Assets and Liabilities

1. Significant changes in asset components

Unit: RMB

	At the end of 2023		At the beginning of 2023		Increase/Decrease (%)	Explanation of significant changes
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Monetary capital	262,127,423.03	12.80%	227,264,342.31	12.36%	0.44%	
Accounts receivable	48,424,004.91	2.36%	57,833,671.83	3.15%	-0.79%	
Inventory	495,699,535.13	24.20%	426,125,273.33	23.18%	1.02%	
Investment property	27,456,779.39	1.34%	28,782,856.07	1.57%	-0.23%	
Long-term equity investment	1,414,031.32	0.07%	1,983,923.48	0.11%	-0.04%	
Fixed assets	1,019,386,437.83	49.77%	630,970,963.32	34.32%	15.45%	It was mainly due to the transfer of newly built seiners into fixed assets during the Reporting Period.
Construction in progress	65,288,052.12	3.19%	344,727,296.32	18.75%	-15.56%	It was mainly due to the transfer of

						newly built seiners into fixed assets during the Reporting Period.
Right-of-use assets	91,606.72	0.00%	410,045.97	0.02%	-0.02%	
Short-term borrowings	58,011,311.42	2.83%	20,024,144.40	1.09%	1.74%	
Contractual liabilities	29,481,400.42	1.44%	49,576,606.91	2.70%	-1.26%	
Long-term borrowings	390,665,507.16	19.07%	283,557,577.77	15.42%	3.65%	

The overseas assets account for a higher proportion

Applicable Not applicable

Specific content of assets	Reasons of formation	Asset size	Location	Operation model	Control measures to guarantee asset security	Return on assets	Proportion of overseas assets in the Company's net assets	Whether there is any significant impairment risk
HABITAT INTERNATIONAL CORPORATION	Wholly-owned subsidiary incorporated overseas	318,596,754.92	Panama	Independent operations	Vessel and personnel insurance	25,272,284.26	24.67%	No
ZHONGHA FOODS COMPANY LIMITED	Wholly-owned subsidiary incorporated overseas	133,499,144.82	Ghana	Independent operations	Professional management team stationed overseas and vessel and personnel insurance	-6,050,886.38	10.34%	No

2. Assets and liabilities measured at fair value

Applicable Not applicable

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

Item	Period-end book value	Reasons
Monetary capital	19,000,000.00	Bill guarantees
Fixed assets	462,793,007.43	Mortgage loans
Intangible assets	4,558,790.48	Mortgage loans
Total	486,351,797.91	

VII. Investment Analysis

1. Overview

Applicable Not applicable

Investment amount for the Reporting Period (RMB)	Investment amount for the same period in the previous year (RMB)	Changes (%)
183,718,038.36	360,025,731.57	-48.97%

2. Significant equity investment acquired during the Reporting Period

Applicable Not applicable

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

Applicable Not applicable

Unit: RMB

Project name	Investment method	Whether it is an investment in fixed assets	Industries involved in the investment	Investment amount for the Reporting Period	Total actual investment amount as at the end of the Reporting Period	Fund source	Project progress	Expected investment	Total income realized as of the end of the Reporting Period	Reasons for failure to reach the planned progress and realize the expected income	Disclosure date (if any)	Disclosure index (if any)
Zhonglu Marine Innovation Industry Park	Self-construction	Yes	Processing and trading of aquatic products and cold chain logistics	28,703,878.01	102,144,827.76	Self-owned fund			0.00	The designed capacity is not reached.		
Construction of two large tuna seiners	Self-construction	Yes	Fishery	45,591,103.11	376,360,439.54	Self-owned fund and bank loans	100.00%		24,650,461.85	Target output reached		
Total	--	--	--	74,294,981.12	478,505,267.30	--	--	0.00	24,650,461.85	--	--	--

4. Financial asset investment

(1) Securities investment

Applicable Not applicable

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

(2) Derivative investment

Applicable Not applicable

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

5. Use of raised funds

Applicable Not applicable

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

VIII. Sale of Significant Assets and Equity

1. Sale of significant assets

Applicable Not applicable

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

2. Sale of significant equity

Applicable Not applicable

IX. Analysis of Key Shareholding Companies

Applicable Not applicable

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

Unit: RMB

Company name	Company type	Main business	Registered capital	Total assets	Net assets	Operating revenue	Operating profits	Net profits
Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd.	Subsidiary	Food processing	104,322,300.00	520,529,982.73	351,948,055.26	484,598,351.95	21,302,734.15	18,154,681.19
HABITAT INTERNATIONAL CORPORATION	Subsidiary	Cold storage transportation	12,476,145.60	318,596,754.92	227,020,803.49	116,555,945.38	25,272,284.26	25,272,284.26
Shandong Zhonglu Haiyan Oceanic Fisheries Co., Ltd.	Subsidiary	Long range fishing	221,617,349.00	570,587,435.59	403,029,731.79	310,869,569.04	-9,313,715.32	-7,787,483.70

Acquisition and disposal of subsidiaries during the Reporting Period

Applicable Not applicable

Information of key shareholding companies

Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd.: Operating profits for the Reporting Period reached RMB21,302,734.15, representing an increase of 4.07% year-on-year

HABITAT INTERNATIONAL CORPORATION: Operating profits for the Reporting Period reached RMB25,272,284.26, representing a substantial increase of 60.19% year-on-year, which was mainly due to during the Reporting Period, the new cold storage transportation vessels brought additional lease income, causing the profit to rise;

Shandong Zhonglu Haiyan Oceanic Fisheries Co., Ltd.: During the Reporting Period, its operating profit was RMB-9,313,715.32, down 216.15% year-on-year, which was mainly due to the substantial decline in the market price of longline fishing goods during the Reporting Period compared with the corresponding period in the prior year.

X. Structured Entities Controlled by the Company

Applicable Not applicable

XI. Prospects of the Company's Future Development

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

(I) Prospects of the Company's main businesses

1. Long range fishing

The Company will continue to develop long range fishing centered around seining and longline fishing. Tuna seining: For seining in the Western-central Pacific, as a rare target of the seining in the Western-central Pacific and an important step for reaching the targets of the Company's "14th Five-Year" Plan, the two large tuna seiners, "Tailong 7" and "Tailong 9," operated at full steam and realized stably good production. As of now, the two seiners have carried out more than 10 transshipments, and the fish catch they transported back was gradually sold. So far, the company has maintained good cooperation with customers, creating steady channels for the sale of catch, with the catch sold out upon arrival at the port. For seining in the Atlantic, the Company will strengthen management to guarantee the sustainable operation of the boats and ensure the sailing rate. Longline fishing: The Company will proactively explore high-latitude fisheries in the south while maintaining existing fishing access cooperation. Squid fishing: The Company will study and evaluate the feasibility of developing squid fisheries in the Northern Pacific and continuously develop new fisheries and new resources to maintain new profit growth points. Trawling: The two new trawlers with advanced equipment that are suitable for modern marine fishing and conform to national industrial policies went to the waters of Ghana for trawling in the year. The replacement project for the two trawlers has maintained the diversity of operation and the existing profit growth points in the course of the Company's transoceanic fishing cooperation, which is of great importance for the Company to further develop distant-water fishing and make active use of fishing resources in developing countries and regions to achieve high-quality development.

2. Cold storage transportation

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

3. Cold storage processing and trading

The Company will proactively extend its cold storage processing and trade, emphasize "increasing the sales volume," and expand the paths for enterprise development. First, the Company will stabilize its share of the international market, deliver breakthroughs, and constantly develop new markets and customers. Second, the Company will broaden channels for domestic market sales and increase market control and occupancy. Third, the Company will focus on "strengthening research and innovation" to improve its competitiveness for enterprise development. The Company will beef up the R&D of new products, promote the deep integration of innovation and enterprise development, step up efforts in biotechnology, strive to achieve automatic and intelligent processing, and make sure that it always enjoys an industrially leading position for tuna processing technology and products. Fourth, driven by both brand and innovation, the Company will speed up the advancement of the online and offline sales models, broaden channels for domestic sales, and proactively develop markets at all levels.

(II) Future development strategies

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

(III) Work plan for 2024

The Company will uphold the concept of "reform-based, innovation-driven, standardized, and steady development," revolve around the guidelines for "maintaining growth, emphasizing standards, adjusting structures, and promoting transformation," and focus on improving its development quality. With the purpose of increasing economic returns, the Company will convert old growth drivers into new ones, develop markets, and drive the construction of key projects. It will strengthen the business foundation, seek progress while maintaining stable development, blaze new trails, create new models, and take a combination of measures. Centered around the key problems restricting its development, the Company will manage production, operations, transformation, market development, and standardized management. It will proactively cultivate new profit growth points and continuously improve its control, competitiveness, influence, and anti-risk capabilities to ensure the accomplishment of the annual targets. In 2023, the Company will do the following work: 1) improve the management of seining projects, develop more supporting measures, develop diverse markets, increase project profitability, and proactively drive the construction of the two (sets of) large seiners to cultivate profit growth points; 2) stabilize the profitability of the longline tuna fishing project in the Indian Ocean, explore new operating fisheries, dispatch vessels on a scientific basis, conduct business in accordance with laws and regulations, and ensure stable growth in fishing production; 3) strengthen and improve cold storage transportation and purchase and build modern and intelligent transportation vessels; 4) At present, the Southern Pacific tuna cold storage transport market has not reached saturation, with abundant room for development. Hence, the Company plans to acquire a relatively new secondhand cold storage transport vessel with a suitable tonnage. 5) proactively develop and extend cold storage processing and trading services, step up efforts to develop new products, deep-processed products, and other high-value-added products, create new sales models, and cultivate new profit

growth points; 6) promote the Company’s transformation to an innovation-driven company through “technological, product, business, and management innovation.”

(IV) Risks facing the Company and countermeasures

1. Risk of fishing resource fluctuations: Fishing resources usually fluctuate, and sometimes the fluctuations are big. Greater decreases in fishing resources will have a greater impact on the Company’s profits. Cyclic changes, climates, hydrological conditions, and other relevant conditions are all likely to cause fluctuations in fishing resources. Countermeasures: The Company will develop new fisheries, dispatch vessels on a scientific basis, upgrade fishing and production equipment, and gradually improve production vessels. It will make science-based and reasonable arrangements for vessel maintenance, equipment repair, materials, fish baits, spare parts, and logistical support for personnel to ensure high sailing rates.

2. Risk of price fluctuations: The price of tuna raw materials declined continuously from the beginning of 2023 to November. The price of tuna raw materials of various varieties and specifications dropped by about 40%. Since December 2023, the price has recovered slowly, up about 10% from the low levels. Countermeasures: The Company will accelerate the building of a new paradigm focusing on domestic circulation with mutual promotion between domestic and international circulations. It will precisely target the domestic market, develop cooked products that accommodate consumers’ needs, and expand domestic sales channels.

3. Safety risk: The aging of boats causes a reduction in productivity and market competitiveness. Countermeasures: The Company will proactively promote the replacement of aged boats, improve asset allocation, and prevent safety risks.

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

Applicable Not applicable

Time of reception	Place of reception	Mode of reception	Type of reception subject	Reception subject	Major content discussed and documents provided	Basic information index of survey
April 27, 2023	Online	Phone communication	Individual	Individual investors	The Company’s production, operations, and other relevant information were discussed; no documents were provided.	None
May 18, 2023	Online	Phone communication	Individual	Individual investors	The Company’s production, operations, and other relevant information were discussed; no documents were provided.	None
June 01, 2023	Online	Phone communication	Individual	Individual investors	The Company’s production, operations, and other relevant information were discussed; no documents were provided.	None
June 30, 2023	Online	Phone	Individual	Individual	The Company’s	None

		communication		investors	production, operations, and other relevant information were discussed; no documents were provided.	
August 25, 2023	Online	Phone communication	Individual	Individual investors	The Company's production, operations, and other relevant information were discussed; no documents were provided.	None
September 25, 2023	Online	Phone communication	Individual	Individual investors	The Company's production, operations, and other relevant information were discussed; no documents were provided.	None
October 17, 2023	Online	Phone communication	Individual	Individual investors	The Company's production, operations, and other relevant information were discussed; no documents were provided.	None
October 25, 2023	Online	Phone communication	Individual	Individual investors	The Company's production, operations, and other relevant information were discussed; no documents were provided.	None
October 27, 2023	Online	Phone communication	Individual	Individual investors	The Company's production, operations, and other relevant information were discussed; no documents were provided.	None
October 31, 2023	Online	Phone communication	Individual	Individual investors	The Company's production, operations, and other relevant information were discussed; no documents were provided.	None
November 02, 2023	Online	Phone communication	Individual	Individual investors	The Company's production,	None

					operations, and other relevant information were discussed; no documents were provided.	
December 20, 2023	Online	Phone communication	Individual	Individual investors	The Company's production, operations, and other relevant information were discussed; no documents were provided.	None

XIII. Implementation of the “Better Quality, Higher Investment Returns” Action Plan

Whether the Company has disclosed the “Better Quality, Higher Investment Returns” action plan

Yes No

Section IV Corporate Governance

I. Basic status of corporate governance

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

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

Yes No

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

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

and other aspects

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

1. Asset integrity. The Company's assets are complete and independent, and have clear ownership relationships. No assets or funds are occupied by the controlling shareholder, and the Company's assets are completely independent of the controlling shareholder.
2. Personnel independence. The Company has established an independent HR system and a complete salary management system, with an independent workforce. The Company's general manager, deputy general manager, financial manager, board secretary and other senior management personnel have not held any administrative positions other than directors or supervisors in the controlling shareholders or other enterprises under their control, and all receive compensations from the Company. The Company's financial personnel also do not hold part-time positions in controlling shareholders or other enterprises under their control.
3. Financial independence. The Company sets up an independent financial department and accounting personnel, a complete and independent financial accounting system, and a standardized financial accounting system, capable of making financial decisions independently. An independent bank account is opened and taxes are paid independently.
4. Institutional independence. The Company has a sound organizational structure that is completely separate from the controlling shareholders in terms of institution. The shareholders' meeting, board of directors, and supervisory board all operate independently and have independent decision-making and execution capabilities.
5. Business independence. The production, operation, and administrative management of the Company are completely independent of the controlling shareholders, and there is no horizontal competition with the controlling shareholders.

III. Horizontal competition

Applicable Non applicable

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

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

Session	Type	Investor participation ratio	Date of holding	Date of disclosing	Resolution
2022 Annual General Meeting of Shareholders	Annual general meeting	47.63%	May 25, 2023	May 26, 2023	Refer to the Announcement on the Resolution of the 2022 Annual General Meeting of Shareholders (Announcement No. 2023-14) disclosed in the China Securities Journal and CNINFO

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

Applicable Non applicable

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

1. Basic status

Name	Gender	Age	Position	Employment status	Term start date	Term end date	Number of shares held at the beginning of the period (shares)	Number of shares increased in the current period (shares)	Number of shares reduced in the current period (shares)	Other changes (shares)	Number of shares held at the end of the period (shares)	Reasons for increase or decrease of shares
Wang Huan	male	55	Managing Director	incumbent	June 07, 2018	May 11, 2025	0	0	0	0	0	
Liang Shanglei	male	51	Chairman, Secretary of the Board of Directors, Chairman of the Labor Union	incumbent	November 19, 2020	May 11, 2025	0	0	0	0	0	
Zeng Xianzhong	male	55	Director	incumbent	April 25, 2024	May 11, 2025	0	0	0	0	0	
Zhong Zhigang	male	56	Independent director	incumbent	May 12, 2022	May 11, 2025	0	0	0	0	0	
Wu Hengguang	male	45	Independent director	incumbent	April 25, 2024	May 11, 2025	0	0	0	0	0	
Zhou Yi	female	50	Chairman of the Supervisory Board	incumbent	April 25, 2024	May 11, 2025	0	0	0	0	0	
Wang Fang	female	40	Supervisor	incumbent	May 12, 2022	May 11, 2025	0	0	0	0	0	
Xue Xiangwei	male	36	Employee supervisor	incumbent	May 12, 2022	May 11, 2025	0	0	0	0	0	
Meng Fanyong	male	54	Deputy General Manager	incumbent	May 16, 2019	May 11, 2025	0	0	0	0	0	
Fu Chuanhai	male	51	Financial director	incumbent	January 04, 2019	May 11, 2025	0	0	0	0	0	
Dong Guangming	male	52	Deputy General Manager	incumbent	April 19, 2022	May 11, 2025	0	0	0	0	0	
Lu Lianxing	male	58	Chairman	resign	January 25, 2018	April 25, 2024	0	0	0	0	0	
Xinli	female	44	Director	resign	July 21, 2021	April 25, 2024	0	0	0	0	0	
Wang Shouhai	male	47	Independent director	resign	May 12, 2022	April 25,	0	0	0	0	0	

						2024						
Liu Zhihui	male	59	Chairman of the Supervisory Board	resign	May 12, 2022	April 25, 2024	0	0	0	0	0	0
total	--	--	--	--	--	--	0	0	0	0	0	--

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

Yes No

Changes in Directors, Supervisors and Senior Management of the Company

Applicable Not applicable

2. Employment status

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

(1) Director

Wang Huan, college degree, Bachelor of Economics. Used to be the deputy general manager of Shandong Zhonglu Oceanic Fisheries Co., Ltd., the deputy manager of the Ocean Management Department, the business director of the Fisheries project in Ghana, the person in charge of the Fisheries project in Gambia, the chairman and general manager of Shandong Zhonglu Aquatic Shipping Co., Ltd. He serves as director and general manager of the Company.

Liang Shanglei is a university graduate and a member of the Communist Party of China. His previous positions include: officer of the Political Department of the Communication Corps of the Second Artillery 54 Base; political instructor of the Seventh Brigade of the Jinan Detachment of the Armed Police Corps Shandong Corps; director and deputy political commissar of the Political Division of the Shandong Provincial Corps Hospital of the Armed Police Corps; chief staff member and publicity officer of the Capital Operation and Income Management Division, and deputy director of the Complaints and Complaints Office (Party Committee Propaganda and Mass Work Department), of the Shandong Provincial State-owned Assets Supervision and Administration Commission; and employee director, deputy general manager, and secretary of the Disciplinary Committee, and deputy Party secretary of Shandong Zhonglu Oceanic Fisheries Co., Ltd. He is currently the Party secretary, chairman, board secretary, and chairman of the Labor Union of the Company.

Zeng Xianzhong is a spare time university graduate and an auditor. His previous positions include: deputy head and senior business manager of the Investment and Development Department and deputy head and senior business manager of the Asset Management Department of Shandong State-owned Assets Investment Holding Co., Ltd.; supervisor of Inspur Group Co., Ltd.; and chairman of the board of supervisors of Integrated Electronic Systems Lab Co., Ltd. He is currently a full-time external director and supervisor of Shandong State-owned Assets Investment Holding Co., Ltd. (director of Shandong Light Industry Supply and Sale Co., Ltd., director of Shandong Pharmaceutical Group Co., Ltd., Shandong State-controlled New Energy Technology Co., Ltd., director of Shandong Gold International Mining Co., Ltd., and director of Shandong National Chemical Communications Construction Group Co., Ltd.). He serves as director of the Company.

Zhong Zhigang, graduate degree, member of the Communist Party of China, first-class lawyer. He is currently a senior partner of Grandall Law Firm (Jinan); concurrently serves as the deputy director of the Restructuring and M&A Professional Committee of the Jinan Lawyers Association, a member of the Restructuring and M&A Professional Committee of the Shandong Lawyers Association, and the deputy director of the Finance and Securities Committee of the Jinan Law Society, and postgraduate cooperation instructor of Shandong University of Finance and Economics Master of Business Administration (MBA). He serves as independent director of the Company and Huafang Co., Ltd.

Wu Hengguang holds a PhD in accounting. He is a CPC member and a professor, doctoral supervisor, director of the Audit Department, and secretary of the Faculty Party Branch 4 of Shandong University of Finance and Economics. He has been selected for the National Leading Talent in Accounting (academic) training program by the Ministry of Finance. His positions include: senior visiting scholar of the Accounting and Finance Department of Iowa State University Ivy College of Business; senior visiting scholar of the Department of Accounting NCCU College of Commerce; panel expert of the China Academic Degrees and Graduate Education Development Center; fund supervision expert of the Ministry of Education; special expert of Finance Research, a financial magazine in China; and special fellow at the Chinese Government Audit Center. He is currently an independent director of the Company, Shandong INOV New Material Co., Ltd. and Jinneng Science and Technology Company Limited.

(2) Supervisors

Zhou Yi holds a master's degree in engineering. She is a CPC member and a senior accountant. Her previous positions include: head of the Finance Management Department of Shandong Lianda Group Co., Ltd.; manager of the Financial Settlement Department of the Shandong Property Right Exchange Center; senior business manager of the Finance Department, deputy head of the General Department of the Disciplinary Inspection Committee, head of the Audit Department, and general manager of the Asset Management Center of Shandong State-owned Assets Investment Holding Co., Ltd.; director of Shandong Dongyin Investment Co., Ltd.; chairman of the Board of Supervisors of Shandong Transport Group Co., Ltd.; chairman of the Board of Supervisors of Shandong Assets Management and Operation Co., Ltd.; and director of Shandong State-controlled Assets Operation Co., Ltd. She is currently a full-time external director and supervisor of Shandong State-owned Assets Investment Holding Co., Ltd. (chairman of the Board of Supervisors of Integrated Electronic Systems Lab Co., Ltd., chairman of the Board of Supervisors of Zhongtong Bus Holding Co., Ltd., and chairman of the Board of Supervisors of Rizhao Gangshan Steel Port Co., Ltd.). She serves as chairman of the Board of Supervisors of the Company.

Wang Fang, postgraduate degree, master of management. Her previous positions include: deputy head and senior business manager of the Finance Department of Shandong State-owned Assets Investment Holding Co., Ltd., the assistant and business supervisor of the Capital Operation Department, the business supervisor, senior business supervisor and senior business manager of the Equity Management Department. She currently serves as head of the Finance Department of Shandong State-owned Assets Investment Holding Co., Ltd. and Supervisors of the Company.

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

(3) Senior management personnel

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

Fu Chuanhai holds a postgraduate degree. He is a certified public accountant and senior accountant. He used to be the audit project manager and deputy department manager of Shandong Zhengyuan Hexin Accounting Firm; the deputy director of the Finance Department of Himin Solar Group; the deputy director of the audit center of Linuo Group; the chief accountant of China Resources Shandong Pharmaceutical Co., Ltd.; financial director of Zhongtai Xincheng Asset Management Co., Ltd.. He serves as CFO of the Company.

Dong Guangming, a university graduate, a member of the Communist Party of China. Served as a member of the supply department of Jinan Mingshui Chemical Fertilizer Factory, technician and construction leader of Puji Radio and Television Station of Zhangqiu Radio and Television Jade Bird Information Network Co., Ltd., deputy station chief and station chief of Diaozhen Radio

and Television Station of Zhangqiu Radio and Television Jade Bird Information Network Co., Ltd., station chief of Zhangqiu City Radio and Television Bureau Puji Radio and Television Station, Station Master of Shuangshan Rural Radio Station of Zhangqiu Branch of Shandong Radio and Television Network Co., Ltd., Senior Director and Director of the Administration and Comprehensive Department of Juneng Capital Management Co., Ltd., Member of the Party Committee and Secretary of the Disciplinary Committee of Zhongtai Xincheng Asset Management Co., Ltd. He is a member of the Party committee and deputy general manager of the Company.

Employment status in shareholder units

Applicable Not applicable

Staff name	Shareholder unit name	Positions held in shareholder	Term start date	Term end date	Whether to receive remuneration and allowances in shareholder
Zeng Xianzhong	Shandong State-owned Assets Investment Holding Co., Ltd.	Full-time external director and supervisor			yes
Zhou Yi	Shandong State-owned Assets Investment Holding Co., Ltd.	Full-time external director and supervisor			yes
Wang Fang	Shandong State-owned Assets Investment Holding Co., Ltd.	Head of Finance			yes

Employment in other units

Applicable Not applicable

Staff name	Other unit names	Positions held in other units	Term start date	Term end date	Whether to receive remuneration allowance in other units
Zhong Zhigang	Grandall Lawyers (Jinan) Firm	Senior Partner			yes
Wu Hengguang	Shandong University of Finance and Economics	Professor, doctoral supervisor, director of the Audit Department, and secretary of the Faculty Party Branch 4 of Shandong University of Finance and Economics			yes

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

Applicable Not Applicable

3. Remuneration of directors, supervisors and senior executives

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

According to the relevant provisions and requirements of "Listed Company Governance Guidelines" of the China Securities Regulatory Commission, the remuneration plan of the Company's directors, supervisors and senior management personnel is proposed by remuneration and appraisal committee of board of directors of the Company, reviewed and approved at the company's

the seventh meeting of the third session of board of directors held on February 14, 2008 and approved at the company's 2007 annual general meeting held on March 18, 2008; the tenth meeting of the seventh session of the board of directors held on December 29, 2020 also reviewed and adopted the "The Measures for the Administration of Remunerations of Directors, Senior Management Personnel" was reviewed and approved at the 2020 Annual General Meeting of Shareholders held on May 27, 2021.

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

Unit: RMB 10,000

Name	Gender	Age	Position	Employment status	Total pre-tax remuneration received from the Company	Whether to receive remuneration from related parties of the Company
Wang Huan	male	55	Managing Director	incumbent	73.63	no
Liang Shanglei	male	51	Chairman, Secretary of the Board of Directors, Chairman of the Labor Union	incumbent	56.77	no
Zeng Xianzhong	male	55	Director	incumbent	0	yes
Zhong Zhigang	male	56	Independent director	incumbent	4	no
Wu Hengguang	male	45	Independent director	incumbent	0	no
Zhou Yi	female	50	Chairman of the Supervisory Board	incumbent	0	yes
Wang Fang	female	40	Supervisor	incumbent	0	yes
Xue Xiangwei	male	36	Employee supervisor	incumbent	32.46	no
Meng Fanyong	male	54	Deputy General Manager	incumbent	56.84	no
Fu Chuanhai	male	51	Financial director	incumbent	56.84	no
Dong Guangming	male	52	Deputy General Manager	incumbent	57.45	no
Lu Lianxing	male	58	Chairman	resign	0	yes
Xinli	female	44	Director	resign	0	yes
Wang Shouhai	male	47	Independent director	resign	4	no
Liu Zhihui	male	59	Chairman of the Supervisory Board	resign	71.89	no
Total	--	--	--	--	413.88	--

Other information

Applicable Not applicable

VI. Performance of duties by directors during the reporting period

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

Session	Date	Disclosure date	Meeting Decision
The eighth meeting of the eighth session of board of directors (extraordinary meeting)	January 17, 2023	January 18, 2023	The following proposals were considered and approved: 1. Proposal on reviewing the Three-Year Rolling Development Plan (2022-2024) 2. Proposal on reviewing the annual remuneration and the incentive payment plan for managerial members 3. Proposal on reviewing the payroll settlement plan for 2022
The ninth meeting of the eighth session of board of directors	April 26, 2023	April 28, 2023	The following proposals were considered and approved: 1. Proposal on reviewing the work report of the general manager for 2022 2. Proposal on Reviewing the Work Report of the Board of Directors for 2022 3. Proposal on reviewing the full text and abstract of the 2022 annual report 4. Proposal on reviewing the 2022 annual financial report 5. Proposal on reviewing the profit distribution plan for 2022 6. Proposal on reviewing the internal control self-evaluation report for 2022 7. Proposal on reviewing the reappointment of the audit firm and the determination of remuneration 8. Proposal on reviewing the application to the bank for general credit limit 9. Proposal on reviewing the purchase of bank financial products with self-owned idle funds 10. Proposal on reviewing the guarantee limit within the scope of the Company's consolidated statements 11. Proposal on reviewing the Q1 report of 2023 12. Proposal on reviewing the investment plan for 2023 13. Proposal on reviewing the amendment to the Working Rules for General Manager 14. Proposal on reviewing the amendment to the implementation rules of the specialized committees under the Board of Directors 15. Proposal on reviewing the execution of the payroll budget for 2022 and the payroll budget plan for 2023 16. Proposal on reviewing the convening of the 2022 annual general meeting
The tenth meeting of the eighth session of board of directors	August 28, 2023	August 29, 2023	The following proposal was considered and approved: Proposal on reviewing the semi-annual report of 2023 and the summary
The eleventh meeting of the eighth session of board of directors	October 27, 2023	October 28, 2023	The following proposals were considered and approved: 1. Proposal on reviewing the Q3 report of 2023 2. Proposal on reviewing the amendment to the Articles of Incorporation
The twelfth meeting of the eighth session of board of directors	December 27, 2023	December 28, 2023	The following proposals were considered and approved: 1. Proposal on reviewing the construction of intelligent cold storage with variable temperatures in subsidiaries 2. Proposal on reviewing the clearing of the Company's bank accounts

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

Attendance of Directors at Board Meetings and Shareholders' Meetings							
Director name	The number of board meetings that should be attended in this reporting period	Number of board meetings attended on site	Number of board meetings attended by correspondence	Number of board meetings entrusted	Number of absences from board meetings	Whether fail to attend two board meetings in person in a row?	Attendance at shareholders' meetings
Lu Lianxing	5	0	5	0	0	no	0
Wang Huan	5	0	5	0	0	no	1
Xinli	5	0	5	0	0	no	1
Zhong Zhigang	5	0	5	0	0	no	1
Wang Shouhai	5	0	5	0	0	no	1

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

Not applicable

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

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

Yes No

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

4. Other instructions on the performance of duties by directors

Whether the directors' suggestions to the Company are adopted

Yes No

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

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

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

Committee name	Membership	Number of meetings held	Date of holding	Conference content	Important comments and suggestions put forward	Other situations in which duties are performed	Specific circumstances of the objection (if any)
The first meeting of the audit committee	Wang Shouhai, Xin	1	April 21, 2023	1. Proposal on reviewing the full	According to the actual situation of		

of the board of directors in 2023	Li, Zhong Zhigang			<p>text and abstract of the 2022 annual report</p> <p>2. Proposal on reviewing the 2022 annual financial report</p> <p>3. Proposal on reviewing the profit distribution plan for 2022</p> <p>4. Proposal on reviewing the reappointment of the auditor and determining the remuneration</p> <p>5. Proposal on reviewing the performance of the audit committee and the summary report on the audit work of the accounting firm in 2022</p> <p>6. Proposal on reviewing the 2022 internal control self-evaluation report</p> <p>7. Proposal on reviewing the provision for asset impairment in 2022</p> <p>8. Proposal on reviewing the first quarterly report of 2023</p> <p>9. Proposal on reviewing the internal audit work plan for 2023</p>	the company, after full communication and discussion, all proposals were unanimously passed.		
The second meeting of the audit committee of the board of directors in 2023	Wang Shouhai, Xin Li, Zhong Zhigang	1	August 28, 2023	Proposal on reviewing the 2023 semi-annual report and its summary	According to the actual situation of the company, after full communication and discussion, the motion was passed unanimously.		
The third meeting of the audit committee of the board of directors in 2023	Wang Shouhai, Xin Li, Zhong Zhigang	1	October 27, 2023	1. Proposal on reviewing the third quarterly report of 2023	According to the actual situation of the company, after full		

				2. Proposal on reviewing the accrual of asset impairment provision for the first three quarters of 2023	communication and discussion, all proposals were unanimously passed.		
The Fourth Meeting of the Audit Committee of the Board of Directors in 2023	Wang Shouhai, Xin Li, Zhong Zhigang	1	November 24, 2023	1. Proposal on Reviewing the 2023 Internal Control Evaluation Work Plan 2. Proposal on reviewing the operations management audit report for 2022 in respect of the enterprises owned by the Company 3. Proposal on reviewing the economic responsibility audit report for the term of Mr. Jiang Chongyou 4. Proposal on reviewing the report on the procedures and financial statements and audit for the construction of two seiners	According to the actual situation of the company, after full communication and discussion, all proposals were unanimously passed.		
The first meeting of the remuneration and appraisal committee of the board of directors in 2023	Zhong Zhigang, Xin Li, Wang Shouhai	1	January 17, 2023	1. Proposal on reviewing the annual remuneration and the incentive payment plan for managerial members 2. Proposal on reviewing the payroll settlement plan for 2022	According to the actual situation of the company, after full communication and discussion, all proposals were unanimously passed.		
The second meeting of the remuneration and appraisal committee of the board of directors in 2023	Zhong Zhigang, Xin Li, Wang Shouhai	1	April 21, 2023	Proposal on reviewing the execution of the payroll budget for 2022 and the payroll budget plan for 2023	According to the actual situation of the company, after full communication and discussion, the motion was passed unanimously.		

The first meeting of the Strategy Committee of the Board of Directors in 2023	Lu Lianxing, Xin Li, Zhong Zhigang	1	January 17, 2023	Proposal on reviewing the Three-Year Rolling Development Plan (2022-2024)	According to the actual situation of the company, after full communication and discussion, the motion was passed unanimously.		
The second meeting of the Strategy Committee of the Board of Directors in 2023	Lu Lianxing, Xin Li, Zhong Zhigang	1	April 21, 2023	Proposal on reviewing the investment plan for 2023	According to the actual situation of the company, after full communication and discussion, the motion was passed unanimously.		

8. Work of the Supervisory Committee

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

Yes No.

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

IX. The Company's employees

1. Number of employees, professional composition and education level

Number of active employees of the parent company at the end of the reporting period (person)	174
Number of active employees of major subsidiaries at the end of the reporting period (person)	744
Total number of active employees at the end of the reporting period (person)	918
Total number of employees receiving salaries in the current period (person)	918
Number of retired employees (persons) for whom parent company and major subsidiaries need to bear expenses	224
Professional composition	
Major Constituent Category	The number of professional constituents (person)
Production staff	667
Salesperson	27
Technical staff	35
Financial officer	39
Administration staff	150
total	918
Education level	
Education level category	Quantity (person)

Master	25
Undergraduate	99
Specialist	104
Secondary school	159
High school and below	531
Total	918

2. Remuneration policy

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

3. Training plan

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

4. Labor outsourcing

Applicable Not Applicable

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

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

Applicable Not Applicable

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

Applicable Not Applicable

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

Applicable Not Applicable

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

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

Applicable Not Applicable

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

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

1. Construction and implementation of internal control

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

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

Yes No

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

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

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

1. Internal control self-assessment report

Disclosure date of the full text of the internal control evaluation report	April 26, 2024	
Disclosure index of the full text of the internal control evaluation report	www.cninfo.com.cn	
The ratio of the total assets of the units included in the evaluation scope to the total assets of the Company's consolidated financial statements	99.63%	
The ratio of the operating income of units included in the evaluation scope to the operating income of the Company's consolidated financial statements	100.00%	
Defect identification standard		
category	financial report	non-financial reporting
Qualitative standard	<p>Major flaw:</p> <p>a. Directors, supervisors and senior executives commit fraud;</p> <p>b. The external audit found that there was a material misstatement in the financial statements of the current period, but the internal control failed to discover the misstatement during the operation;</p> <p>c. Ineffective supervision of internal control by the audit committee and internal audit agency;</p> <p>Important deficiencies: single deficiencies or together with other deficiencies lead to the inability to prevent or discover and correct the misstatements in the financial report in a timely manner, although they do not reach and exceed the major deficiencies, but should still attract the attention of the management; other situations are determined according to the degree of impact.</p> <p>Common deficiencies: other internal control deficiencies that do not constitute</p>	<p>Major flaw:</p> <p>a. Violation of national laws and regulations, such as environmental pollution;</p> <p>b. Project decision-making procedures are unscientific and lack of democratic decision-making procedures lead to decision-making mistakes;</p> <p>c. resignation of management personnel or technical personnel;</p> <p>d. Frequent negative media news;</p> <p>e. The results of internal control evaluation, especially major or important deficiencies have not been rectified;</p> <p>f. Lack of system control or systematic failure of systems for important businesses.</p> <p>Important defect: The seriousness of the nature of the business involved in a single defect or together with other defects, and its direct or potential negative impact, do not reach or exceed the major defect, but should still attract the attention of the management; other</p>

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

2. Internal control audit report

Applicable Not applicable

Deliberative Opinion Paragraph in Internal Control Audit Report	
We believe that your Company maintained effective internal control over financial reporting in all material respects in accordance with the Basic Standards for Enterprise Internal Control and relevant regulations on December 31, 2023.	
Disclosure of Internal Control Audit Report	disclosure
Disclosure date of the full text of the internal control audit report	April 26, 2024
Internal control audit report full text disclosure index	www.cninfo.com.cn
Types of Internal Control Audit Report Opinions	standard unqualified opinion
Whether there are material deficiencies in non-financial reporting	no

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

Yes No

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

Yes No

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

Not applicable

Section V Environmental and Social Responsibility

I. Major environmental issues

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

Yes No

Administrative penalties due to environmental issues during the reporting period

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

Other environmental information disclosed by reference with key pollutant discharge units

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

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

Applicable Not Applicable

Reasons for not disclosing other environmental information

Not Applicable

II. Social Responsibility

1. Serving Rural Revitalization

The Company took the initiative to serve the overall interests. It sent four Party cadres to participate in Shandong's campaign of serving the development of communities, rural areas, projects, and enterprises, playing an active role in supporting people's livelihoods and promoting high-quality economic and social development.

2. Contributing to Public Benefits and Charity Projects

The Company was deeply engaged in the "doing concrete work for the public" campaign, took part in more than 40 volunteer services, including blood donation, free clinic services, civilization promotion, hygiene and sanitation, and visits to those in difficulties, and donated various supplies worth about RMB200,000.

The Company carried out the "Charitable One-day Donation" activity and donated RMB56,000, which was transferred to the account of the Shandong Charity Federation for use in charity activities, including supporting the impoverished, the sick, and the disabled, providing relief to natural disasters, and assisting in rural revitalization and public health events.

3. Fulfilling the Responsibility Overseas

Zhonglu Shipping's SEA PEARL 1 successfully rescued two fishermen in danger in the Federated States of Micronesia and was commended by the Chinese embassy in the Federated States of Micronesia and the fishery administration of the Federated States of Micronesia. It demonstrated the responsibilities of a Chinese state-owned enterprise and built a positive image among international fishing organizations and the oceanic shipping industry.

Zhonglu's representative office in Ghana contributed to local talent development by helping two management staff members from the Ministry of Fisheries and Aquaculture Development of Ghana successfully enroll in the postgraduate program in fishery development at Nanjing Agricultural University; it proactively participated in the "Return to the Campus" program initiated by TEMEEF by donating 25,000 cedi to support local impoverished students in Tema to return to the campus.

4. Practicing Humanistic Care

The Company vigorously implemented the "humanistic care project," respected and protected the basic rights and interests of employees, attached great importance to staff development, cared about their lives, and continuously improved their sense of gain, well-being, and security. The Company has rolled out 30 relevant policies on humanistic care, spent RMB7.45 million in various financial subsidies, carried out 74 caring projects, and organized visits to 2,544 individuals.

The Company has built law-abiding, harmonious, and stable labor relations, constantly improved the remuneration and benefit system, and refined the democratic management mechanism to safeguard the democratic rights and interests of employees.

The Company has improved the staff development system and perfected the channels for talent selection, skill improvement, and promotion in a bid to promote talent echelon building. In 2023, the Company selected and hired 50 employees, promoted nine post-90s employees to management positions, and issued high-level occupational qualifications to five employees.

The Company strengthened caring for employees by setting up the Zhonglu "Benevolence" fund, building the "delivering warmth to the boat, to home, to heart" caring mechanism, regularly visiting frontline crew members, employees in difficulties and their families, and implementing a combination of caring measures, including staff physical check-ups, awards for children who pass entrance exams, and staff honorary retirement, to tangibly make employees feel the caring of the Company.

The Company organized mass cultural and sports activities in various forms, strengthened the "cultural oceanic fishing" staff base building, furnished distant-water fishing boats with boat book corners and cultural and sports amenities, enriched staff's cultural activities, and continuously enhanced employee well-being and corporate cohesion.

In 2023, the Labor Union of the Company was recommended to be a National Model Home for Employees by the National Committee of Agricultural, Forestry, Water Conservancy and Meteorological Workers' Union; the Zhonglu Tuna Popular Science Museum was granted the title "Base under Shandong Provincial SASAC's Caring for Next Generation's Education;" a captain of a distant-water fishing boat won the title of the third session of "Most Beautiful Employee for Ecological Conservation" granted by the National Committee of Agricultural, Forestry, Water Conservancy and Meteorological Workers' Union; multiple works by employees won awards in the National Agriculture, Fishery, and Animal Husbandry Staff Thematic Photography Competition and Short Video Competition; six individuals and four Party branches received commendations from the Shandong Provincial SASAC and Shandong State-owned Assets Investment Holding; and one overseas employee won the title "Meritorious Individual" granted by Shandong State-owned Assets Investment Holding.

III. Consolidate and expand the achievements of poverty alleviation and rural revitalization

none

Section VI Important Matters

I. Fulfillment of commitments

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

Applicable Not applicable

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

			expenses caused by the violation of the above commitments.			
Commitment made in acquisition report or equity change report	Shandong Provincial State-owned Assets Investment Holding Co., Ltd.	Related transaction commitment	<p>1. The related party transactions between the Company and other companies controlled by the Company and Zhonglu OCEANIC strictly abide by the relevant provisions of laws and regulations, and will be conducted on the basis of equality and voluntariness in accordance with the principles of fairness, equality and equivalent compensation. The transaction price will be determined according to the reasonable price recognized by the market. 2. The Company and other companies controlled by the Company will strictly abide by the regulations on the avoidance of related party transactions in the articles of association of Zhonglu OCEANIC, and the related party transactions involved will be carried out in accordance with the related party transactions decision-making procedures of Zhonglu OCEANIC, and will perform legal procedures and information disclosure obligations. 3. The Company and other companies controlled by the Company guarantee to strictly abide by laws, regulations and normative documents as well as the relevant provisions of the articles of association of Zhonglu OCEANIC, and to exercise shareholder rights and perform shareholder obligations on an equal footing with other shareholders in accordance with legal procedures, not to take advantage of the position of the controlling shareholder to seek improper interests, and not to damage the legitimate rights and interests of Zhonglu OCEANIC and other shareholders. 4. The above commitments will continue to be effective during the period when the Company controls Zhonglu OCEANIC. If the Company fails to fulfill the commitments made in this letter of commitment and causes any losses and consequences to Zhonglu OCEANIC, the</p>	July 23, 2008	Continue to be effective during the period when the enterprise controls Zhonglu OCEANIC	in progress

			Company will bear the corresponding liability for compensation.			
Whether the promise is fulfilled on time	yes					
If the commitment is overdue and not fulfilled, the specific reasons for the failure to fulfill and the next work plan shall be explained in detail.	none					

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

Applicable Not Applicable

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

Applicable Not Applicable

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

III. Illegal external guarantees

Applicable Not Applicable

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

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

Applicable Not Applicable

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

Applicable Not Applicable

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

Applicable Not Applicable

During the Reporting Period, the Company had no changes in accounting policies and accounting estimates or the correction of major accounting errors.

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

Applicable Not Applicable

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

VIII. Appointment and Dismissal of Accounting Firms

The current accounting firm

Domestic accounting firm name	Shanghai Accounting Firm (Special General Partnership)
Domestic accounting firm remuneration (RMB 10,000)	35
Consecutive years of audit services provided by domestic accounting firms	3
The name of the certified public accountant of the domestic accounting firm	Xu Mao, Ma Haijun
Consecutive years of audit services of CPAs of domestic accounting firms	Xu Mao (2 year), Ma Haijun (3 years)

Whether to change the accounting firm in the current period

Yes No

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

Applicable Not applicable

At the same time, the Company hired Shanghai Accounting Firm (special general partnership) as the Company's internal control audit accounting firm in 2023, and paid a total of RMB 100,000 in remuneration.

IX. Facing delisting after annual report disclosure

Applicable Not Applicable

X. Matters related to bankruptcy and reorganization

Applicable Not Applicable

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

XI. Major litigation and arbitration matters

Applicable Not Applicable

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

XII. Punishment and rectification

Applicable Not Applicable

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

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

Applicable Not applicable

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

XIV. Significant connected transactions

1. Connected transactions related to daily operations

Applicable Not Applicable

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

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

Applicable Not Applicable

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

3. Connected transactions of joint foreign investment

Applicable Not Applicable

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

4. Related creditor's rights and debts

Applicable Not Applicable

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

5. Contacts with associated financial companies t

Applicable Not Applicable

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

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

Applicable Not Applicable

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

7. Other major connected transactions

Applicable Not applicable

During the Reporting Period, the Company had no other significant connected transactions.

XV. Significant contracts and their performance

1. Matters concerning trusteeship, contracting and leasing

(1) Trusteeship

Applicable Not applicable

Explanation on trusteeship

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

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

Applicable Not Applicable

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

(2) Contracting status

Applicable Not Applicable

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

(3) Lease situation

Applicable Not Applicable

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

2. Major guarantee

Applicable Not Applicable

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

3. Entrusting others to manage cash assets

(1) Entrusted financial management

Applicable Not Applicable

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

(2) Entrusted loans

Applicable Not Applicable

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

4. Other major contracts

Applicable Not Applicable

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

XVI. Explanation of other important matters

Applicable Not Applicable

1. During the Reporting Period, Mr. Lu Lianxing resigned as chairman and director of the eighth session of directors of the Company; Mr. Wang Shouhai resigned as independent director of the board of directors of the Company. For details, refer to the Announcement on the Resignation of Chairman (Announcement No.: 2023-13) and the Announcement on the Resignation of Independent Director (Announcement No.: 2023-24) disclosed by the Company on the China Securities Journal and the CNINFO website (www.cninfo.com.cn) on May 6, 2023, and December 13, 2023, respectively.

2. The Company received written resignation letters from Ms. Xin Li, director of the Company, and Mr. Liu Zhihui, chairman of the board of supervisors, on April 8, 2024. Ms. Xin Li applied for resignation as director of the eighth session of directors of the Company; Mr. Liu Zhihui applied for resignation as chairman and supervisor of the eighth session of supervisors of the Company. On April 25, 2024, upon deliberation at the 2024 first extraordinary general meeting of the Company, it was approved that Mr. Liang Shanglei and Mr. Zeng Xianzhong be elected as directors of the eighth session of directors of the Company, Mr. Wu Hengguang be elected as independent director of the eighth session of directors of the Company, and Ms. Zhou Yi be elected as supervisor of the eighth session of supervisors of the Company. On the same day, upon deliberation at the 15th meeting of the eighth session of directors of the Company and the eighth meeting of the eighth session of supervisors, it was approved that Mr. Liang Shanglei be elected as chairman of the eighth session of directors of the Company and Ms. Zhou Yi be elected as chairman of the eighth session of supervisors of the Company. For details, refer to the Announcement on the Resignation of Directors and Supervisors (Announcement No.: 2024-04), the Announcement on the Resolution of the First Extraordinary General Meeting in 2024 (Announcement No.: 2024-09), the Announcement on the Resolution of the 15th Meeting of the Eighth Session of Directors (Announcement No.: 2024-10), and the Announcement on the Resolution of the Eighth Meeting of the Eighth Session of Supervisors (Announcement No.: 2024-18) disclosed by the Company on the China Securities Journal and the CNINFO website (www.cninfo.com.cn) on April 10, 2024, and April 26, 2024, respectively.

3. The 2022 annual general meeting of the Company considered and approved the Proposal on Changing Company's Domicile and Amending Articles of Incorporation, changing the Company's domicile from "29 Miaoling Road, Qingdao, Shandong" to "31 Xianxialing Road, Qingdao, Shandong." For details, refer to the Announcement on the Resolution of the Annual General Meeting in 2022 (Announcement No.: 2023-14) disclosed by the Company on the China Securities Journal and the CNINFO website (www.cninfo.com.cn) on May 26, 2023. As of now, the change to the Company's domicile has yet to be submitted to the Qingdao Municipal Bureau of Administrative Services for registration. The registered address after the change is subject to the approval of the administrative authority.

XVII. Significant events of the Company's subsidiaries

Applicable Not applicable

Section VII Changes in Shares and Information on Shareholders

1. Changes in shares

1. Changes in shares

Unit: share

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

Reason for Share Change

Applicable Not Applicable

Approval status of shareholding changes

Applicable Not Applicable

Transfer status of share changes

Applicable Not Applicable

The impact of shareholding changes on financial indicators such as basic earnings per share, diluted earnings per share, and net assets per share attributable to ordinary shareholders of the Company in the last year and the latest period

Applicable Not Applicable

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

Applicable Not Applicable

2. Changes in restricted shares

Applicable Not Applicable

II. Securities Issuance and Listing

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

Applicable Not Applicable

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

Applicable Not Applicable

3. Existing internal employee shares

Applicable Not Applicable

III. Shareholders and actual controllers

1. Number of shareholders and shareholding status of the Company

Unit: share

Total number of ordinary shareholders at the end of the reporting period	9,570	The total number of ordinary shareholders at the end of the previous month before the annual report disclosure date	9,576	Total number of preferred shareholders with voting rights restored at the end of the reporting period (if any) (see note 8)	0	The total number of preference shareholders whose voting rights have been restored at the end of the month preceding the annual report disclosure date (if any) (see note 8)	0	
Shareholdings of shareholders holding more than 5% of the shares or the top 10 shareholders(excluding shares lent through refinancing)								
Shareholder name	Nature of shareholders	Shareholding ratio	Number of shares held at the end of the reporting period	Changes during the reporting period	Number of unlisted tradable shares held	Number of tradable shares held	Pledge, Mark or Frozen Situation	
							Share Status	Quantity

Shandong State-owned Assets Investment Holding Co., Ltd.	State-owned legal person	47.25%	125,731,320	0	125,731,320	0	Not Applicable	0
Chen Tianming	foreign natural person	2.16%	5,760,427	0	0	5,760,427	Not Applicable	0
Zhu Shuzhen	Domestic natural person	1.88%	5,002,046	0	0	5,002,046	Not Applicable	0
Cai Yujiu	Domestic natural person	1.75%	4,668,300	0	0	4,668,300	Not Applicable	0
Zhan Changcheng	Domestic natural person	1.07%	2,854,515	160700	0	2,854,515	Not Applicable	0
GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED	Foreign legal person	1.04%	2,761,025	-191400	0	2,761,025	Not Applicable	0
Chen Cirou	Domestic natural person	0.73%	1,954,850	938090	0	1,954,850	Not Applicable	0
China National Heavy Duty Truck Group Co., Ltd.	State-owned legal person	0.73%	1,950,000	0	1,950,000	0	Not Applicable	0
Shenwan Hongyuan Securities (Hong Kong) Co., Ltd.	Foreign legal person	0.69%	1,847,854	-50000	0	1,847,854	Not Applicable	0
Lin Mingyu	Domestic natural person	0.56%	1,500,001	0	0	1,500,001	Not Applicable	0
Strategic investors or general legal persons becoming the top 10 shareholders due to allotment of new shares (if any) (see Note 3)	not applicable							
Explanation on the related relationship or concerted action of aforesaid shareholders	The Company does not know whether it has an associated relationship or is a person acting in concert as stipulated in the "Administrative Measures for Information Disclosure of Shareholding Changes in Listed Companies".							
Explanation of the above-mentioned shareholders involved in entrusted/entrusted voting rights and waiver of voting rights	none							
Special instructions for repurchase accounts among the top 10 shareholders (if any) (see Note 10)	none							
Shareholdings of the top 10 tradable shareholders								
Shareholder name	Number of tradable shares held at the end of the reporting period	Type of shares						
		Type of shares	Quantity					
Chen Tianming	5,760,427	Domestic listed foreign shares		5,760,427				
Zhu Shuzhen	5,002,046	Domestic listed foreign shares		5,002,046				
Cai Yujiu	4,668,300	Domestic listed foreign shares		4,668,300				
Zhan Changcheng	2,854,515	Domestic listed foreign shares		2,854,515				
GUOTAI JUNAN	2,761,025	Domestic listed foreign shares		2,761,025				

SECURITIES (HONG KONG) LIMITED			
Chen Cirou	1,954,850	Domestic listed foreign shares	1,954,850
Shenwan Hongyuan Securities (Hong Kong) Limited company	1,847,854	Domestic listed foreign shares	1,847,854
Lin Mingyu	1,500,001	Domestic listed foreign shares	1,500,001
Cao Yifan	1,280,000	Domestic listed foreign shares	1,280,000
Zhan Hanbin	1,047,044	Domestic listed foreign shares	1,047,044
Explanation on the associated relationship or concerted action among the top 10 shareholders of tradable shares not subject to sales restrictions, and between the top 10 shareholders of tradable shares not subject to sales restrictions and the top 10 shareholders	The Company is not aware of whether the aforesaid shareholders have any associated relationship or are persons acting in concert as stipulated in the "Administrative Measures for the Disclosure of Information on Changes in Shareholding of Shareholders of Listed Companies".		
Explanation on the participation of the top 10 ordinary shareholders in the margin trading and short selling business (if any) (see Note 4)	none		

Top ten shareholders' participation in lending shares through refinancing

Top ten shares Not applicable

Changes in top ten shareholders compared with the previous period

Applicable Not applicable

Unit: share

Changes in top ten shareholders compared with the end of the previous period					
Shareholder's name (full name)	Addition/withdrawal in the Reporting Period	Quantity of shares lent through refinancing that were not returned as at the end of the Reporting Period		Quantity of shares held in the shareholder's ordinary account and credit account and shares lent through refinancing that were not returned as at the end of the Reporting Period	
		Total quantity	Proportion in total shares	Total quantity	Proportion in total shares
Chen Cirou	Addition	0	0.00%	0	0.00%
Wang Dongsheng	Withdrawal	0	0.00%	0	0.00%

Whether the Company's top 10 shareholders of common shares and top 10 shareholders of common shares not subject to sales restrictions conducted agreed repurchase transactions during the reporting period

Yes No

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

2. Information about the controlling shareholder of the Company

Nature of the controlling shareholder: local state-owned holding

Type of controlling shareholder: legal person

Controlling shareholder name	Legal representative/ Principal	Date of establishment	Organization Code	Main business
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Shandong Provincial State-owned Assets Investment Holding Co., Ltd.	Luan Jian	March 25, 1994	91370000163073167C	Operation management and disposal of state-owned property (share) rights, asset management, equity investment management and operation, corporate restructuring, mergers and acquisitions, investment consulting.
Equity of other domestic and foreign listed companies held by controlling shareholders during the reporting period	Not Applicable			

Changes in controlling shareholders during the reporting period

Applicable Not Applicable

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

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

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

Type of actual controller: legal person

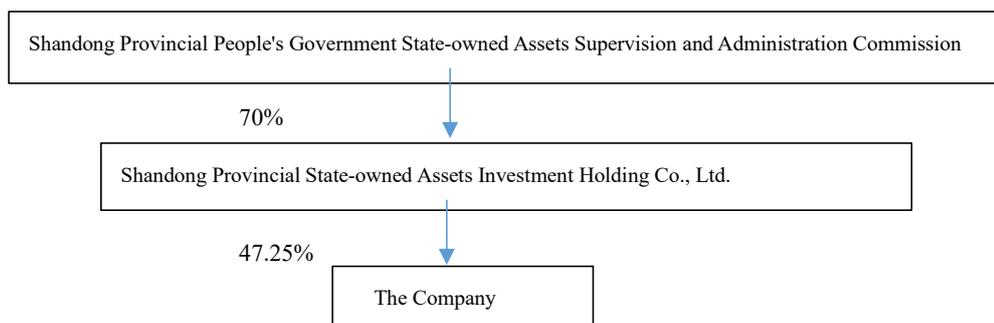
Actual controller name	Legal representative/ Principal	Date of establishment	Organization Code	Main business
Shandong Provincial People's Government State-owned Assets Supervision and Administration Commission	Man Shengang	June 18, 2004	None	Fulfilling the investor's duties, supervising the maintenance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

Changes in the actual controller during the reporting period

Applicable Not Applicable

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

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



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

Applicable Not Applicable

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

Applicable Not Applicable

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

Applicable Not Applicable

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

Applicable Not Applicable

IV. Specific implementation of share repurchase during the reporting period

Implementation progress of share repurchases

Applicable Not Applicable

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

Applicable Not Applicable

Section VIII Preferred Shares

Applicable Not Applicable

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

Section IX Bonds

Applicable Not Applicable

Section X Financial Report

Auditor's Report

SCPAR (2024) No. 3928

Date: April 25, 2024

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

I. Opinion

We have audited the financial statements of Shandong Zhonglu Oceanic Fisheries Co., Ltd (hereafter referred to as “the Company”), which comprise the consolidated and the Company's balance sheets as at December 31, 2023, the consolidated and the Company's statements of income, the consolidated and the Company's statements of cash flows and the consolidated and the Company's statements of changes in equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2023, and of its financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

II. Basis for Opinion

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

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

III. Key Audit Matters

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

A. Revenue recognition

1. The Matter

Regarding income accounting policies, please refer to Note IV.27; Please refer to Note VI.36 for the amount of income generated.

In 2023, your company's operating revenue amounted to 1145.2524 million yuan. As revenue is a key indicator of company profits, there is an inherent risk of misstatement in whether revenue is based on real transactions and whether it is included in appropriate accounting periods. Therefore, we have identified revenue recognition as a key audit item.

2. Audit response

Our audit procedures for revenue recognition mainly include:

- ① Understand the internal control design related to revenue recognition in your company, evaluate the effectiveness of the design and implement walkthrough testing, and check whether the relevant internal control systems are effectively implemented;
- ② Verify the principles and methods of revenue recognition, combined with the essence of the company's business and the "five step method", examine the contract signing methods and contents under different business models, analyze the rights and obligations of the contract signing parties, examine various performance obligations, identify the fulfillment of performance obligations over a period of time, and determine whether the fulfillment of performance obligations at a certain point in time complies with the provisions of the Enterprise Accounting Standards;
- ③ Check the authenticity of income and the basis for revenue recognition, such as sales contracts, delivery orders, value statements or settlement documents, transportation bills, customs declaration materials, bills of lading, credit policies, etc. Evaluate whether your company's revenue recognition meets the requirements of the Enterprise Accounting Standards based on the collection of accounts receivable after the period;
- ④ Conduct a cut-off test, select samples from income transactions recorded before and after the balance sheet date, and check for any cross period income;
- ⑤ Implement a letter of confirmation procedure for major clients, extract sufficient samples to verify the amount and balance of accounts receivable and contractual liabilities, and confirm the reasonableness of revenue recognition.

B. The impairment of inventory

1. Key audit matters

Regarding inventory accounting policies, please refer to Note IV.11; Please refer to Note VI.6 for the book balance and provision for impairment of inventory.

As of December 31, 2023, the book balance of your company's inventory is 573.2376 million yuan, with a provision for impairment of 77.5381 million yuan and a book value of 495.6995 million yuan,

accounting for 24.20% of the total assets at the end of the period. Given the significant amount of inventory and the significant judgment of management involved in the provision for inventory impairment, we have identified the provision for inventory impairment as a key audit item.

2. Audit response

Our audit procedures for inventory impairment mainly include:

- ① Understand the design of internal controls related to inventory management and inventory impairment in your company, evaluate the effectiveness of the design and implement walkthrough tests, and check whether the relevant internal control systems are effectively implemented;
- ② Implementing inventory monitoring, checking the quantity, condition, and product shelf life of inventory;
- ③ Obtain the inventory age list of ending inventory, conduct analytical review on inventory with longer inventory age, and analyze whether the provision for inventory impairment is reasonable;
- ④ Analyze the changes in the provision for inventory impairment made in previous years during the current period, and assess the adequacy of the provision for inventory impairment; Obtain the latest product sales prices before and after the balance sheet date, sample the inventory sold after the balance sheet date, and compare the actual selling price of the sample with the expected selling price;
- ⑤ Obtain the calculation table and relevant basis for impairment provision provision from the management, evaluate the rationality of the key data provisioned, and recalculate to evaluate the accuracy of the management's impairment calculation process;
- ⑥ Review whether the provision for inventory depreciation has been fully and appropriately disclosed in accordance with the standard requirements.

IV. Other Information

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

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

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

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

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

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

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

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

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

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

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

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

- A. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- D. Conclude on the appropriateness of the directors' use of the going concern basis of accounting and,

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

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

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

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

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

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

C.P.A

Mao Xu

Haijun Ma

Shanghai Certified Public Accountants (Special General Partnership)

Shanghai, China

Consolidated Balance Sheet

Dec 31,2023

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

Unit: RMB Yuan

Item	Note	As at 31/12/2023	As at 31/12/2022	Item	Note	As at 31/12/2023	As at 31/12/2022
Current assets:				Current liabilities:			
Cash at bank and on hand	VI.1	262,127,423.03	227,264,342.31	Short-term loans	VI.17	58,011,311.42	20,024,144.40
Financial assets held for trading				Financial liabilities held for trading			
Derivative financial assets				Derivative financial liabilities			
Notes receivable	VI.2			Notes payable	VI.18	35,000,000.00	-
Accounts receivable	VI.3	48,424,004.91	57,833,671.83	Accounts payable	VI.19	89,326,349.08	134,272,304.05
Receivables for financing				Advances from customers	VI.20	1,776,439.64	1,684,961.19
Prepayments	VI.4	26,126,976.75	26,860,050.66	Contract liabilities	VI.21	29,481,400.42	49,576,606.91
Other receivables	VI.5	6,596,879.89	5,562,546.59	Employee benefits payable	VI.22	63,219,358.85	55,116,034.18
Including:Interest receivable				Taxes and surcharges payable	VI.23	5,665,448.27	4,341,676.32
Dividends receivable				Other payables	VI.24	19,578,219.96	18,326,716.51
Inventories	VI.6	495,699,535.13	426,125,273.33	Including:Interest payable		-	-
Contract assets				Dividends payable		1,616,659.01	-
Held-for-sale assets				Held-for-sale liabilities			
Non-current assets due within one year				Non-current liabilities due within one year	VI.25	8,837,283.90	6,502,041.67
Other current assets	VI.7	14,384,969.64	10,791,446.11	Other current liabilities	VI.26	6,256.07	223,557.01
Total current assets		853,359,789.35	754,437,330.83	Total current liabilities		310,902,067.61	290,068,042.24
Non-current assets:				Non-current liabilities:			
Debt investments				Long-term loans	VI.27	390,665,507.16	283,557,577.77
Other debt investments				Bonds payable			
Long-term receivables				Including: Preference shares			
Long-term equity investments	VI.8	1,414,031.32	1,983,923.48	Perpetual loans			
Other equity instrument investments				Lease liabilities			

Other non-current financial assets				Long-term account payable			
Investment property	VI.9	27,456,779.39	28,782,856.07	Long-term employee benefits payable	VI.28	543,215.85	616,935.20
Fixed assets	VI.10	1,019,386,437.83	630,970,963.32	Anticipation liabilities			
Construction in process	VI.11	65,288,052.12	344,727,296.32	Deferred income	VI.29	51,980,968.73	13,500,315.67
Productive biological assets				Deferred tax liabilities	VI.15	2,476,855.62	2,610,499.36
Oil and gas assets				Other non-current liabilities			
Right-of-use assets	VI.12	91,606.72	410,045.97	Total non-current liabilities		445,666,547.36	300,285,328.00
Intangible assets	VI.13	60,956,382.69	62,627,704.04	Total liabilities		756,568,614.97	590,353,370.24
Development expenditures				Shareholders' equity:			
Goodwill				Share capital	VI.30	266,071,320.00	266,071,320.00
Long-term deferred expenses	VI.14	3,354,279.19	79,090.36	Other equity instruments			
Deferred tax assets	VI.15	1,425,048.80	1,557,933.07	Including: Preference shares			
Other non-current assets	VI.16	15,402,660.37	12,851,990.71	Perpetual loans			
Total non-current assets		1,194,775,278.43	1,083,991,803.34	Capital reserve	VI.31	295,620,272.02	295,620,272.02
				Less:treasury shares			
				Other comprehensive income	VI.32	-3,370,081.48	-6,291,344.58
				Special reserve	VI.33	1,572.48	-
				Surplus reserve	VI.34	21,908,064.19	21,908,064.19
				Undistributed profit	VI.35	449,363,748.93	409,764,423.32
				Equity attributable to parent company		1,029,594,896.14	987,072,734.95
				Minority interests		261,971,556.67	261,003,028.98
				Total equity		1,291,566,452.81	1,248,075,763.93
Total of assets		2,048,135,067.78	1,838,429,134.17	Total liabilities and equity		2,048,135,067.78	1,838,429,134.17

Person in charge of the company:liangshanglei

Person in charge of accounting function:fuchuanhai

Person in charge of accounting department:leilixin

Balance Sheet

Dec 31,2023

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

Unit: RMB Yuan

Item	Note	As at 31/12/2023	As at 31/12/2022	Item	Note	As at 31/12/2023	As at 31/12/2022
Current assets:				Current liabilities:			
Cash at bank and on hand		44,741,230.62	50,352,735.39	Short-term loans			
Financial assets held for trading				Financial liabilities held for trading			
Derivative financial assets				Derivative financial liabilities			
Notes receivable				Notes payable			
Accounts receivable	XVI.1	4,435,572.18	416,945.02	Accounts payable		20,928,446.50	44,867,412.91
Receivables for financing				Advances from customers		1,776,439.64	1,684,961.19
Prepayments		8,580,637.18	11,978,519.28	Contract liabilities		15,236,924.77	19,914,211.04
Other receivables	XVI.2	198,681,271.55	124,833,179.13	Employee benefits payable		23,238,500.79	16,132,001.87
Including:Interest receivable				Taxes and surcharges payable		1,048,588.31	847,721.94
Dividends receivable	XVI.2	79,137,061.83	79,137,061.83	Other payables		194,456,754.42	161,941,857.71
Inventories		114,734,732.97	73,584,901.53	Including:Interest payable			
Contract assets				Dividends payable			
Held-for-sale assets				Held-for-sale liabilities			
Non-current assets due within one year				Non-current liabilities due within one year		8,837,283.90	6,502,041.67
Other current assets		1,246,348.88	1,036,415.04	Other current liabilities			
Total current assets		372,419,793.38	262,202,695.39	Total current liabilities		265,522,938.33	251,890,208.33
Non-current assets:				Non-current liabilities:			
Debt investments				Long-term loans		390,665,507.16	283,557,577.77
Other debt investments				Bonds payable			
Long-term receivables		3,364,469.81	3,852,541.51	Including: Preference shares			
Long-term equity investments	XVI.3	328,189,455.23	328,189,455.23	Perpetual loans			
Other equity instrument investments				Lease liabilities			

Other non-current financial assets				Long-term account payable			
Investment property		27,456,779.39	28,782,856.07	Long-term employee benefits payable		463,135.85	528,268.97
Fixed assets		478,978,332.36	112,981,919.66	Anticipation liabilities			
Construction in process		22,793,103.19	330,769,336.43	Deferred income		39,774,011.30	-
Productive biological assets				Deferred tax liabilities			
Oil and gas assets				Other non-current liabilities			
Right-of-use assets				Total non-current liabilities		430,902,654.31	284,085,846.74
Intangible assets		63,265.27	242,789.22	Total liabilities		696,425,592.64	535,976,055.07
Development expenditures				Shareholders' equity:			
Goodwill				Share capital		266,071,320.00	266,071,320.00
Long-term deferred expenses		1,943,863.35	-	Other equity instruments			
Deferred tax assets				Including: Preference shares			
Other non-current assets		-	3,677,308.80	Perpetual loans			
Total non-current assets		862,789,268.60	808,496,206.92	Capital reserve		279,115,900.17	279,115,900.17
				Less:treasury shares			
				Other comprehensive income		-	
				Special reserve			
				Surplus reserve		19,184,672.34	19,184,672.34
				Undistributed profit		-25,588,423.17	-29,649,045.27
				Total equity		538,783,469.34	534,722,847.24
Total of assets		1,235,209,061.98	1,070,698,902.31	Total liabilities and equity		1,235,209,061.98	1,070,698,902.31

Person in charge of the company:liangshanglei

Person in charge of accounting function:fuchuanhai

Person in charge of accounting department:leilixin

Consolidated Statement of Income

For the year ended 31 December 2023

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

Unit: RMB Yuan

Item	Note	Year ended 31/12/2023	Year ended 31/12/2022	Item	Note	Year ended 31/12/2023	Year ended 31/12/2022
1.Total operating income	VI.36	1,145,252,422.09	985,428,305.37	Categorized by ownership			
Including: Operating income	VI.36	1,145,252,422.09	985,428,305.37	1. Net profit attributable to parent company		39,599,325.61	30,239,511.38
2.Total operating cost		1,086,624,263.46	936,984,781.98	2. Profit/loss attributable to minority shareholders		1,810,824.62	8,410,031.96
Less: Operating costs	VI.36	997,975,267.34	873,701,560.02	6. Other comprehensive income net of tax		3,695,625.18	14,135,022.30
Taxes and surcharges	VI.37	2,925,013.22	2,707,749.69	Total comprehensive income attributable to shareholders of parent company		2,921,263.10	11,964,857.40
Selling and distribution expenses	VI.38	3,644,441.03	3,380,701.10	(1) Comprehensive income not to be reclassified to profit or loss			
General and administrative expenses	VI.39	68,621,908.48	64,374,235.07	1) Changes in remeasurement of defined benefit obligations			
Research and development expenses	VI.40	3,276,567.05	3,394,089.25	2) Other comprehensive income not to be reclassified to profit or loss in equity method			
Finance expenses	VI.41	10,181,066.34	-10,573,553.15	3) Fair value changes in other equity instrument investments			
Including:Interest expenses	VI.41	11,440,531.09	2,904,189.24	4) Fair value changes in the enterprise's own credit risk			
Interest income	VI.41	408,232.29	672,995.57	5)Others			
Add: Other income	VI.42	53,031,926.38	47,748,665.86	(2) Comprehensive income to be reclassified to profit or loss		2,921,263.10	11,964,857.40
Investment income ("- " for loss)	VI.43	-649,378.77	773,612.72	1) Other comprehensive income to be reclassified to profit or loss in equity method			
Including: Investment income from associates and joint ventures	VI.43	-569,892.16	-398,421.52	2) Gain or loss from fair value changes of other debt instruments			
Income from derecognition of financial assets measured at amortised cost				3) The amount of financial assets reclassified to other comprehensive income			
Net exposure hedging gains ("- " for loss)				4) Credit impairment provision of other debt investment			
Gain from fair value changes ("- " for				5) Cash flow hedging reserve			

loss)							
Credit impairment losses ("-" for loss)	VI.44	-124,369.44	-826,867.20	6) Currency translation difference		2,921,263.10	11,964,857.40
Impairment on assets ("-" for loss)	VI.45	-67,560,742.65	-59,961,212.95	7) Others			
Gains from disposal of assets ("-" for loss)	VI.46	13,887.78	5,081,530.63	Other comprehensive income attributable to minority shareholders, net of tax		774,362.08	2,170,164.90
3. Operating profits ("-" for loss)		43,339,481.93	41,259,252.45	7. Total comprehensive income		45,105,775.41	52,784,565.64
Add: Non-operating income	VI.47	1,583,319.90	176,255.05	(1) Total comprehensive income attributable to shareholders of parent company		42,520,588.71	42,204,368.78
Less:Non-operating expenses	VI.48	98,172.78	71,313.09	(2) Total comprehensive income attributable to minority shareholders		2,585,186.70	10,580,196.86
4. Profit before tax ("-" for loss)		44,824,629.05	41,364,194.41	8. Earnings per share			
Less:income tax expenses	VI.49	3,414,478.82	2,714,651.07	(1) Basic earnings per share		0.15	0.11
5. Net profit ("-" for net loss)		41,410,150.23	38,649,543.34	(2) Diluted earnings per share		0.15	0.11
Categorized by going concern basis							
1. Profit or loss from continuing operations		41,410,150.23	38,649,543.34				
2. Profit or loss from discontinued operations							

Person in charge of the company:liangshanglei

Person in charge of accounting function:fuchuanhai

Person in charge of accounting department:leilixin

Statement of Income

For the year ended 31 December 2023

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

Unit: RMB Yuan

Item	Note	Year ended 31/12/2023	Year ended 31/12/2022	Item	Note	Year ended 31/12/2023	Year ended 31/12/2022
1.Including: Operating income	XVI.4	287,276,341.66	133,301,999.64	4. Net profit ("-" for net loss)		4,060,622.10	448,511.18
Less: Operating costs	XVI.4	232,833,224.00	104,663,835.75	1. Profit or loss from continuing operations		4,060,622.10	448,511.18
Taxes and surcharges		1,352,824.32	1,277,316.00	2. Profit or loss from discontinued operations			
Selling and distribution expenses		502,629.53	302,268.33	5. Other comprehensive income net of tax			
General and administrative expenses		36,606,050.15	34,807,826.22	(1) Comprehensive income not to be reclassified to profit or loss			
Research and development expenses		635,515.70	1,375,367.02	1) Changes in remeasurement of defined benefit obligations			
Finance expenses		12,736,618.19	-2,686,950.98	2) Other comprehensive income not to be reclassified to profit or loss in equity method			
Including:Interest expenses		12,945,034.01	3,531,483.95	3) Fair value changes in other equity instrument investments			
Interest income		865,138.53	455,083.61	4) Fair value changes in the enterprise's own credit risk			
Add: Other income		16,188,028.81	14,050,335.87	5)Others			
Investment income ("-" for loss)	XVI.5	4,215,737.37	9,576,034.24	(2) Comprehensive income to be reclassified to profit or loss			

Including: Investment income from associates and joint ventures				1) Other comprehensive income to be reclassified to profit or loss in equity method			
Income from derecognition of financial assets measured at amortised cost				2) Gain or loss from fair value changes of other debt instruments			
Net exposure hedging gains ("-" for loss)				3) The amount of financial assets reclassified to other comprehensive income			
Gain from fair value changes ("-" for loss)				4) Credit impairment provision of other debt investment			
Credit impairment losses ("-" for loss)		-179,541.90	432,771.33	5) Cash flow hedging reserve			
Impairment on assets ("-" for loss)		-18,693,997.45	-17,298,401.93	6) Currency translation difference			
Gains from disposal of assets ("-" for loss)		-	-	7) Others			
2. Operating profits ("-" for loss)		4,139,706.60	323,076.81	6. Total comprehensive income		4,060,622.10	448,511.18
Add: Non-operating income		19,088.28	130,785.30	7. Earnings per share			
Less: Non-operating expenses		98,172.78	5,350.93	(1) Basic earnings per share			
3. Profit before tax ("-" for loss)		4,060,622.10	448,511.18	(2) Diluted earnings per share			
Less: income tax expenses		-	-				

Person in charge of the company: liangshanglei

Person in charge of accounting function: fuchuanhai

Person in charge of accounting department: leilixin

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

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

Unit: RMB Yuan

Item	Note	Year ended 31/12/2023	Year ended 31/12/2022	Item	Note	Year ended 31/12/2023	Year ended 31/12/2022
1. Cash flows from operating activities				3. Cash flows from financing activities:			
Cash received from sales and services		1,119,751,613.55	997,628,271.08	Cash received from investments by others		-	100,000,000.00
Taxes and surcharges refunds		31,058,904.03	42,646,182.32	Including: cash received by subsidiaries from minority shareholders' investments			100,000,000.00
Cash received related to other operating activities	VI.51	96,023,672.26	57,246,792.68	Cash received from borrowings		223,035,507.16	354,300,000.00
Total cash inflows from operating activities		1,246,834,189.84	1,097,521,246.08	Cash received related to other financing activities		-	-
Cash paid for goods and services		953,115,746.93	876,993,067.62	Total cash inflows from financing activities		223,035,507.16	454,300,000.00
Cash paid to and for employees		181,212,097.10	177,259,066.49	Cash repayments for debts		75,900,000.00	217,605,316.00
Taxes and surcharges cash payments		13,727,999.12	13,319,654.61	Cash payments for distribution of dividends, profit and interest expenses		16,469,246.05	9,958,538.93
Cash paid related to other operating activities	VI.51	17,241,588.87	17,216,784.26	Including: dividends or profit paid by subsidiaries to minority shareholders		-	-
Total cash outflows from operating activities		1,165,297,432.02	1,084,788,572.98	Cash paid related to other financing activities	VI.51	195,000.00	1,780,432.76
Net cash flows from operating activities		81,536,757.82	12,732,673.10	Total cash outflows from financing activities		92,564,246.05	229,344,287.69
2. Cash flows from investing activities:				Net cash flows from financing activities		130,471,261.11	224,955,712.31
Cash received from withdraw of investments		-	265,112,800.00	4. Effect of foreign exchange rate changes on cash and cash equivalents		-321,298.15	9,047,338.51
Cash received from investment income		-	1,076,034.24	5. Net increase in cash and cash equivalents		15,863,080.72	17,615,036.32

Net cash received from disposal of \property, plant and equipement,intangible assets and other long-term assets		130,058.18	8,046,588.88	Add: beginning balance of cash and cash equivalents		227,264,342.31	209,649,305.99
Net cash received from disposal of subsidiaries and other business units		-	-	6. Ending balance of cash and cash equivalents		243,127,423.03	227,264,342.31
Cash received related to other investing activities		-	5,000,000.00				
Total cash inflows from investing activities		130,058.18	279,235,423.12				
Cash paid for property, plant and equipement,intangible assets and other long-term assets		195,953,698.24	240,956,965.72				
Cash payments for investments		-	267,399,145.00				
Net cash paid for acquiring subsidiaries and other business units		-	-				
Cash paid related to other investing activities		-	-				
Total cash outflows from investing activities		195,953,698.24	508,356,110.72				
Net cash flows from investing activities		-195,823,640.06	-229,120,687.60				

Person in charge of the company:liangshanglei

Person in charge of accounting function:fuchuanhai

Person in charge of accounting depertment:leilixin

Statement of Cash Flows

For the year ended 31 December 2023

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

Unit: RMB
Yuan

Item	Note	Year ended 31/12/2023	Year ended 31/12/2022	Item	Note	Year ended 31/12/2023	Year ended 31/12/2022
1. Cash flows from operating activities				3. Cash flows from financing activities:			
Cash received from sales and services		254,593,750.64	116,957,691.93	Cash received from investments by others		-	
Taxes and surcharges refunds		-	7,654,485.04	Cash received from borrowings		165,065,507.16	334,300,000.00
Cash received related to other operating activities		65,929,069.79	20,554,267.15	Cash received related to other financing activities		15,722,745.11	147,894,716.30
Total cash inflows from operating activities		320,522,820.43	145,166,444.12	Total cash inflows from financing activities		180,788,252.27	482,194,716.30
Cash paid for goods and services		176,784,438.54	60,229,439.09	Cash repayments for debts		55,900,000.00	207,605,316.00
Cash paid to and for employees		52,006,009.86	45,178,179.52	Cash payments for distribution of dividends, profit and interest expenses		15,353,225.58	9,654,019.71
Taxes and surcharges cash payments		1,667,556.43	1,333,379.07	Cash paid related to other financing activities		90,556,272.86	58,952,610.51
Cash paid related to other operating activities		6,953,137.69	7,288,776.43	Total cash outflows from financing activities		161,809,498.44	276,211,946.22
Total cash outflows from operating activities		237,411,142.52	114,029,774.11	Net cash flows from financing activities		18,978,753.83	205,982,770.08
Net cash flows from operating activities		83,111,677.91	31,136,670.01	4. Effect of foreign exchange rate changes on cash and cash equivalents		-196,492.01	-533,788.56
2. Cash flows from investing activities:				5. Net increase in cash and cash equivalents		-5,611,504.77	409,381.50
Cash received from withdraw of investments		-	260,000,000.00	Add: beginning balance of cash and cash equivalents		50,352,735.39	49,943,353.89
Cash received from investment income		-	15,524,276.11	6. Ending balance of cash and cash equivalents		44,741,230.62	50,352,735.39
Net cash received from disposal of \property, plant and equipement,intangible assets and other		52,448.27	-				

long-term assets							
Net cash received from disposal of subsidiaries and other business units		-	-				
Cash received related to other investing activities		-	-				
Total cash inflows from investing activities		52,448.27	275,524,276.11				
Cash paid for property, plant and equipment, intangible assets and other long-term assets		107,557,892.77	155,700,546.14				
Cash payments for investments		-	356,000,000.00				
Net cash paid for acquiring subsidiaries and other business units		-	-				
Cash paid related to other investing activities		-	-				
Total cash outflows from investing activities		107,557,892.77	511,700,546.14				
Net cash flows from investing activities		-107,505,444.50	-236,176,270.03				

Person in charge of the company:liangshanglei

Person in charge of accounting function:fuchuanhai

Person in charge of accounting department:leilixin

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

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

Unit: RMB Yuan

Item	Year 2023														Minority interests	Total owners' equity
	Equity attributable to shareholders of parent company												Sub-total			
	Share capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk preparation	Undistributed profit	Others				
	Preference shares	Perpetual loans	Others													
1. Ending balance of last year	266,071,320.00	-	-	-	295,620,272.02	-	-	6,291,344.58	-	21,908,064.19	-	409,764,423.32	-	987,072,734.95	261,003,028.98	1,248,075,763.93
Add: Impact from changes in accounting policies														-		-
Impact from corrections of errors in prior period														-		-
Others																
2. Beginning balance of current year	266,071,320.00	-	-	-	295,620,272.02	-	-	6,291,344.58	-	21,908,064.19	-	409,764,423.32	-	987,072,734.95	261,003,028.98	1,248,075,763.93
3. Movement for current year ("-" for decrease)	-	-	-	-	-	-	-	2,921,263.10	1,572.48	-	-	39,599,325.61	-	42,522,161.19	968,527.69	43,490,688.88
(1) Total comprehensive income								2,921,263.10				39,599,325.61		42,520,588.71	2,585,186.70	45,105,775.41
(2) Shareholder's contributions and withdrawals of capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1) Common stock contributed by shareholders														-		-
2) Capital contributed by other equity instruments holders														-		-
3) Share-based payment recorded in shareholder's equity														-		-
4) Others														-		-
(3) Profits distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,616,659.01	1,616,659.01

1) Appropriation of surplus reserve														-		-
2) Distribution to shareholders														-	1,616,659.01	1,616,659.01
3) Others														-		-
(4) Internal transfer within shareholder's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1) Conversion of capital reserve into share capital														-		-
2) Conversion of surplus reserve into share capital														-		-
3) Recover of loss by surplus reserve														-		-
4) Change of defined benefit obligations carried forward to retained earnings														-		-
5) Other comprehensive income carried forward to retained earnings														-		-
6) Others														-		-
(5) Special reserve	-	-	-	-	-	-	-	1,572.48	-	-	-	-	1,572.48	-	-	1,572.48
1) Accrual of special reserve								2,679,975.32					2,679,975.32			2,679,975.32
2) Utilization of special reserve								2,678,402.84					2,678,402.84			2,678,402.84
(6) Others														-		-
4. Ending balance of current year	266,071,320.00	-	-	-	295,620,272.02	-	-	3,370,081.48	1,572.48	21,908,064.19	-	449,363,748.93	-	1,029,594,896.14	261,971,556.67	1,291,566,452.81

Person in charge of the company:liangshanglei

Person in charge of accounting function:fuchuanhai

Person in charge of accounting department:leilixin

Consolidated Statement of Changes in Equity (Continued)

For the year ended 31 December 2023

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

Unit: RMB Yuan

Item	Year 2022													
	Equity attributable to shareholders of parent company												Minorit y interest s	Total owners' equity
	Share capital	Other equity instruments			Capital reserve	Less:tr easury shares	Other compre hensive income	Specia l reserv e	Surplu s reserve	Gener al risk prepa ration	Undistr ibuted profit	Ot her s		
Prefe rence share s		Perp etual loan s	Ot her s											
1. Ending balance of last year	266,071, 320.00	-	-	-	284,054, 997.75	-	- 18,256,2 01.98	232,78 3.00	21,908, 064.19	-	379,524, 911.94	933,535, 874.90	161,988, 106.39	1,095,523 ,981.29
Add: Impact from changes in accounting policies												-		-
Impact from corrections of errors in prior period												-		-
Others														
2. Beginning balance of current year	266,071, 320.00	-	-	-	284,054, 997.75	-	- 18,256,2 01.98	232,78 3.00	21,908, 064.19	-	379,524, 911.94	933,535, 874.90	161,988, 106.39	1,095,523 ,981.29
3. Movement for current year ("-" for decrease)	-	-	-	-	11,565,2 74.27	-	11,964,8 57.40	- 232,78 3.00	-	-	30,239,5 11.38	53,536,8 60.05	99,014,9 22.59	152,551,7 82.64
(1) Total comprehensive income							11,964,8 57.40				30,239,5 11.38	42,204,3 68.78	10,580,1 96.86	52,784,56 5.64
(2) Shareholder's contributions and withdrawals of captial	-	-	-	-	11,565,2 74.27	-	-	-	-	-	-	11,565,2 74.27	88,434,7 25.73	100,000,0 00.00
1) Common stock contributed by shareholders												-	100,000, 000.00	100,000,0 00.00
2) Capital contributed by other equity instruments holders												-		-
3) Share-based payment recorded in shareholder's equity												-		-
4) Others					11,565,2 74.27							11,565,2 74.27	-	-

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

Person in charge of the company:liangshanglei

Person in charge of accounting function:fuchuanhai

Person in charge of accounting department:leilixin

Statement of Changes in Equity

For the year ended 31 December 2023

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

Unit: RMB Yuan

Item	Year 2023											
	Share capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Others	Total owners' equity
		Preference shares	Perpetual loans	Others								
1. Ending balance of last year	266,071,320.00	-	-	-	279,115,900.17	-	-	-	19,184,672.34	-29,649,045.27	-	534,722,847.24
Add: Impact from changes in accounting policies												-
Impact from corrections of errors in prior period												-
Others												-
2. Beginning balance of current year	266,071,320.00	-	-	-	279,115,900.17	-	-	-	19,184,672.34	-29,649,045.27	-	534,722,847.24
3. Movement for current year ("-" for decrease)	-	-	-	-	-	-	-	-	-	4,060,622.10	-	4,060,622.10
(1) Total comprehensive income										4,060,622.10		4,060,622.10
(2) Shareholder's contributions and withdrawals of capital	-	-	-	-	-	-	-	-	-	-	-	-
1) Common stock contributed by shareholders												-
2) Capital contributed by other equity instruments holders												-
3) Share-based payment recorded in shareholder's equity												-
4) Others												-
(3) Profits distribution	-	-	-	-	-	-	-	-	-	-	-	-

1) Appropriation of surplus reserve													-
2) Distribution to shareholders													-
3) Others													-
(4) Internal transfer within shareholder's equity	-	-	-	-	-	-	-	-	-	-	-	-	-
1) Conversion of capital reserve into share capital													-
2) Conversion of surplus reserve into share capital													-
3) Recover of loss by surplus reserve													-
4) Change of defined benefit obligations carried forward to retained earnings													-
5) Other comprehensive income carried forward to retained earnings													-
6) Others													-
(5) Special reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
1) Accrual of special reserve													-
2) Utilization of special reserve													-
(6) Others													-
4. Ending balance of current year	266,071,3 20.00	-	-	-	279,115,9 00.17	-	-	-	19,184,67 2.34	- 25,588,42 3.17	-	538,783,4 69.34	

Person in charge of the company:liangshanglei

Person in charge of accounting function:fuchuanhai

Person in charge of accounting department:lilixin

Statement of Changes in Equity (Continued)

For the year ended 31 December 2023

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

Unit: RMB Yuan

Item	Year 2022											
	Share capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Others	Total owners' equity
		Preference shares	Perpetual loans	Others								
1. Ending balance of last year	266,071,320.00	-	-	-	279,115,900.17	-	-	-	19,184,672.34	30,097,556.45		534,274,336.06
Add: Impact from changes in accounting policies												-
Impact from corrections of errors in prior period												-
Others												-
2. Beginning balance of current year	266,071,320.00	-	-	-	279,115,900.17	-	-	-	19,184,672.34	30,097,556.45	-	534,274,336.06
3. Movement for current year ("-" for decrease)	-	-	-	-	-	-	-	-	-	448,511.18	-	448,511.18
(1) Total comprehensive income										448,511.18		448,511.18
(2) Shareholder's contributions and withdrawals of capital	-	-	-	-	-	-	-	-	-	-	-	-
1) Common stock contributed by shareholders												-
2) Capital contributed by other equity instruments holders												-
3) Share-based payment recorded in shareholder's equity												-
4) Others												-
(3) Profits distribution	-	-	-	-	-	-	-	-	-	-	-	-
1) Appropriation of surplus reserve												-
2) Distribution to shareholders												-
3) Others												-
(4) Internal transfer within shareholder's equity	-	-	-	-	-	-	-	-	-	-	-	-
1) Conversion of capital reserve into share capital												-
2) Conversion of surplus reserve into share capital												-
3) Recover of loss by surplus reserve												-

4) Change of defined benefit obligations carried forward to retained earnings													-
5) Other comprehensive income carried forward to retained earnings													-
6) Others													-
(5) Special reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
1) Accrual of special reserve													-
2) Utilization of special reserve													-
(6) Others													-
4. Ending balance of current year	266,071,320.00	-	-	-	279,115,900.17	-	-	-	19,184,672.34	-	29,649,045.27	-	534,722,847.24

Person in charge of the company:liangshanglei

Person in charge of accounting function:fuchuanhai

Person in charge of accounting department:leilixin

I .Profile of the Company

1 . Registered Capital, Place of Registration, Organization Type, and Head Office Address

The registered address of Shandong Zhonglu Oceanic Fishery Co., Ltd. (hereinafter referred to as “the Company”) is 29 Miaoqiao Road, Laoshan District, Qingdao, Shandong. It is a company limited by shares established on July 30, 1999, by means of promotion with Shandong Aquaculture Enterprise Group as the key promoter, with the approval of the Shandong Economic Restructuring Commission through Document LTGZ [1999] No. 85. With the approval of the China Securities Regulatory Commission through Document ZJFXZ [2000] No. 82 on June 26, 2000, the Company’s B-shares were listed on the Shenzhen Stock Exchange on July 24, 2000. The short stock name is “Zhonglu B,” and the stock code is “200992.” As of December 21, 2023, the share capital of the Company was RMB 266,071,320.00 yuan.

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

2. The nature of the business and the main business activities the Company actually engaged in.

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

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

3. Name of the parent company and the final group parent company.

Shandong State-owned Assets Investment Holding Co., Ltd.

4. The approval date of the financial report and the approval date of the financial report.

This financial statement is approved by the resolution of the Board of Directors of the Company on April 25, 2024.

II . T Basis for the preparation of the financial statements.

1 . Foundation of the preparation

The company takes continuing operation as the basis for preparing financial statements and takes the accrual basis as the basis for bookkeeping. The company generally adopts the historical cost to measure the accounting elements, and adopts the replacement cost, the realizable net value, the present value and the fair value on the premise that the determined amount of the accounting elements can be obtained and be measured reliably.

2. Going concern

The company shall have the ability of going concern for at least 12 months from the end of this report, and have no major matters affecting the ability of going concern.

III. Statement following the Accounting Standards for Business Enterprises

The Company’s financial statements and notes were issued by the accounting standards, application guidelines, accounting standards for business enterprises, the China Securities Regulatory Commission issued the public issuance of securities company

information disclosure reporting rules no. 15-the general provisions of financial report [2023 revision] and the requirements of the relevant provisions, truly and completely reflects the company's current financial situation, operating results, changes in shareholders' equity and cash flow and other relevant information.

IV. Important accounting policies and accounting estimates

According to the actual characteristics of production and operation and the provisions of relevant accounting standards for enterprises, the company has formulated several specific accounting policies and accounting estimates for transactions and matters such as revenue recognition, see Note IV and 27 "revenue" for details. For the statement of significant accounting judgments and estimates made by management team, please refer to Note IV, 34 "Major Accounting judgments and Estimates".

1 . Accounting period

The fiscal year starts from January 1 to December 31 of the Gregorian calendar.

2 . Operation period

The normal business cycle is the period from the company's purchase of assets for processing to the realization of cash or cash equivalents. The company takes 12 months as a business cycle and takes it as the liquidity standard of assets and liabilities.

3 . Base currency for bookkeeping

RMB Yuan

4 . Importance criteria determination method and selection basis

The preparation and disclosure of the financial statements follow the principle of importance. The matters disclosed in the notes to the financial statements involve the importance criteria and the importance criteria of the Company are as follows:

Item	Position disclosed in the notes to this		Importance criteria determination method and selection basis
	Financial Statements		
Other profits	Note VI, 42		1 million yuan
Important non-wholly owned subsidiary	Notes IX, 1, and (2)		Asset size greater than 100 million Yuan
Important associate companies	Notes IX, and 2		The net profit scale is greater than 5 million yuan
Important projects under construction	Note VI, 11		10 million yuan

5 . Accounting treatment method of enterprise merger under the same control and not under the same control.

Enterprise merger refers to the transaction or event in which two or more separate enterprises are merged to form a reporting entity. Business merger is divided into enterprise merger under the same control and enterprise merger not under the same control.

(1) Enterprise merger under the same control

The enterprises participating in the merger are subject to the final control of the same party or the same multiple parties before and after the merger, and the control is not temporary and is the enterprise merger under the same control. For an enterprise merger under the same control, the party acquiring control over the other enterprises participating in the merger on the merger date shall be the merger party, and the other enterprises participating in the merger shall be the merged party. The merger date refers to the date on which the merged party actually obtains the control right of the incorporated party.

The assets and liabilities acquired by the consolidated party are measured at the book value of the consolidated party at the

merger date. The balance between the book value of the net assets acquired by the consolidated party (or the total book value of the issued shares) shall adjust the capital reserve (equity premium); if the capital reserve (equity premium) is insufficient to offset, the retained earnings shall be adjusted.

The merger party is the direct expenses incurred in the enterprise merger, which shall be recorded into the current profit and loss at the time of occurrence.

(2) Enterprise merger not under the same control

If the enterprise participating in the merger is not under the final control of the same party or the same multiple parties before and after the merger, it is the enterprise merger not under the same control. For an enterprise merger not under the same control, the party who obtains the control right over the other enterprises participating in the merger on the purchase date shall be the acquirer, and the other enterprises participating in the merger shall be the acquiree. The date of purchase is the date on which the acquirer actually obtains control over the acquiree.

For merger of enterprises not under the same control, the cost of consolidation includes the assets paid by the acquirer on the purchase date to acquire control over the acquiree, liabilities incurred or assumed by the acquirer and equity securities issued to acquire control of the acquiree at the purchase date. The cost of audit for the merger of the enterprise, legal services, evaluation and consulting intermediary fees and other management fees shall be recorded in the current profit and losses. The transaction expense of equity or debt securities issued by the acquirer as the combined consideration shall be included in the initial recognized amount of equity or debt securities. The contingent consideration involved shall be included in the consolidated cost according to its fair value on the purchase date. If there is new or further evidence of the existed situations of the purchase date within 12 months after it, the consolidated goodwill shall be adjusted accordingly. The merger costs incurred by the acquirer and the identifiable net assets acquired in the merger should be measured at the fair value of the purchase date. The difference between the merger cost and the share of the fair value of the identifiable net assets of the purchased party on the purchase date shall be recognized as goodwill. If the consolidated cost is less than the fair value of identifiable net assets of the merger, first of the fair value of the identifiable assets, liabilities and contingent liabilities and combined cost measurement, review the combined cost is still less than the identifiable net assets of the merger, the difference included in the current profit and loss.

If the acquirer obtains the deductible temporary difference of the acquiree, and is not recognized on the purchase date because it does not meet the conditions of deferred income tax assets for recognition, if new or further information confirming the existence of relevant situations is obtained within 12 months after the purchase date, the acquirer shall confirm the deferred income tax assets and reduce the goodwill, if the goodwill is insufficient, the difference shall be recognized as the current profit and loss; Except for the above situation, the deferred income tax assets related to the enterprise merger shall be included in the current profit and loss.

For business merger not under the same control achieved through multiple transactions step by step, it should be determined whether the multiple transactions belongs to "package deal" according to the Ministry of Finance on the notice of the accounting standards interpretation no. 5 (accounting [2012] no. 19) and "accounting standards no. 33 — consolidated financial statements" article 51 criteria about "package deal" (see Note IV.6, judging criteria of the control and preparation of the consolidated financial statements), For "package transaction", refer to the previous paragraphs in this section for accounting treatment; For those not belong to "package transaction", distinguish individual financial statements from consolidated financial statements in the accounting statement:

In individual financial statements, the sum of the book value of the equity interest of the acquiree held prior to the purchase date and the cost of new investment on the purchase date is taken as the initial investment cost of the investment. Where the equity

interest of the acquiree held prior to the purchase date involves other comprehensive income, the other comprehensive income associated with the investment will be accounted for on the same basis as if the acquiree had disposed of the relevant asset or liability directly (i.e., With the exception of the corresponding share of the change resulting from the remeasurement of net liabilities or net assets of the defined benefit plan by the acquiree under the equity method, the remainder is transferred to investment income for the period).

In the consolidated financial statements, for the equity of the acquiree held prior to the purchase date, remeasure at the fair value of the equity at the purchase date, the difference between the fair value and its book value shall be included in the current investment income; Where the equity of the acquiree held before the purchase date involves other comprehensive income, the other comprehensive income shall be treated on the same basis as the direct disposal of the relevant assets or liabilities (i. e., Except for the corresponding share accounted for under the equity method in the change resulting from the remeasurement of net liabilities or net assets of the defined benefit plan by the acquirer, the remainder is converted to investment income for the period at the purchase date).

6 . Judging standard of control and the preparation method of the consolidated financial statements

(1) Judging standard of the control

The consolidation scope of consolidated financial statements is determined on the basis of control. Control means that the Company has the power over the investee, enjoys a variable return by participating in the relevant activities of the investee, and has the ability to use the power of the investee to influence the amount of the return. Among them, the Company has the current right to enable the Company to dominate the relevant activities of the investee regardless of whether the Company actually exercises the power; if the return from the investee may change with the performance of the investee, it shall be deemed to enjoy a variable return; if the Company exercises the decision-making power as the principal responsible person, the Company shall be deemed to use the power of the investee to affect the return amount. The scope of the merger includes the Company and all of its subsidiaries. Subsidiary, refers to the subject controlled by the Company.

The Company judges whether to control the investee on the basis of comprehensive consideration of all relevant facts and circumstances. The relevant facts and conditions mainly include: the purpose of the establishment of the investee; the relevant activities of the investee and how to make decisions on the relevant activities; whether the rights of the Company enable the Company to dominate the relevant activities of the investee; whether the Company enjoys a variable return by participating in the relevant activities of the investee; whether the Company has the ability to influence the power of the investee; the relationship between the Company and the other parties, etc. Once changes in the relevant facts and circumstances lead to changes in the relevant elements involved in the above control definition, the Company will reevaluate them.

(2) Method of preparing the consolidated financial statements

From the date of acquiring the net assets of the subsidiary and the actual control right of production and operation decisions, the Company will begin to bring it into the merger scope, and stop to do so after the date of losing the actual control right. For the subsidiaries under disposal, the operating results and cash flow before the disposal date have been appropriately included in the consolidated income statement and the consolidated cash flow statement; for the current disposition subsidiaries, the beginning of the consolidated balance sheet will not be adjusted. For subsidiaries not under the same control, the operating results and cash flow after the purchase date have been appropriately included in the consolidated income statement and the consolidated cash flow statement, and the initial and comparative numbers of the consolidated financial statements will not be adjusted. For the subsidiaries increased by the enterprise merger under the same control and the merged party under the absorption merger, the operating results and cash flow from the beginning of the current period to the merger date have been

appropriately included in the consolidated income statement and the consolidated cash flow statement, and the comparison number of the consolidated financial statements shall be adjusted at the same time.

At the time of preparing the consolidated financial statements, if the accounting policies or accounting periods adopted by the subsidiary is inconsistent with that adopted by the Company, necessary adjustments to the financial statements of the subsidiary shall be made in accordance with the accounting policies and accounting periods of the Company. For subsidiaries not acquired under the same control, their financial statements shall be adjusted on the basis of the fair value of identifiable net assets on the purchase date.

All significant transaction balances, transactions and outstanding profits within the Company should be offset by the preparation of the consolidated financial statements.

The shareholders' equity and the net profit and loss of the current period that are not owned by the Company should be listed separately as the minority shareholders' equity and the minority shareholders' profit and loss under the shareholders' equity and net profit in the consolidated financial statements. The share of the current net profit and loss of the subsidiary belonging to the minority shareholders' equity shall be listed in the item of "minority shareholders' profit and loss" under the net profit items in the consolidated profit statement. The loss of the subsidiary shared by the minority shareholders exceeds the share of the minority shareholders' equity of the subsidiary at the beginning of the period, and the number of the shareholders' equity is still reduced.

When the control of the original subsidiary is lost due to the disposal of some equity investment or other reasons, the remaining equity shall be remeasured according to its fair value on the date of the loss of control. The sum of the consideration obtained from the disposal of the shares and the fair value of the remaining shares, after deducting the share of the net assets of the original subsidiary calculated from the purchase date, shall be included in the investment income of the period of the loss of control. For other comprehensive income related to the equity investment of the original subsidiary, the accounting treatment of control shall be lost on the same basis as the direct disposal of the relevant assets or liabilities of the subsidiary. Subsequently, the remaining equity shall be measured in accordance with the Accounting Standards for Business Enterprises No.2 —— Long-term Equity Investment or Accounting Standards for Business Enterprises No.22 —— Recognition and Measurement of Financial Instruments and other relevant provisions, see Note IV and 14 "Long-term Equity Investment" or Note IV and 10 "Financial Instruments".

If the Company disposed of the equity investment in the subsidiary until the loss of control through multiple transactions, it is necessary to distinguish whether the transaction of the equity investment until the loss of control is a package transaction. If the terms, conditions and economic impact of the disposal of subsidiary equity investments meet one or more of the following circumstances, usually indicating that those multiple transactions should be treated as package transactions:

- ① These transactions are made simultaneously or made in consideration of mutual influence;
- ② These deals as a whole can achieve a complete business result;
- ③ The occurrence of one transaction depends on the occurrence of at least one other transaction;
- ④ One trade is uneconomical, but it is economic when considered together with other trades.

For each transaction that does not belong to the package transaction, according to the circumstances, the principle of "partial disposal of long-term equity investment of subsidiaries without losing control" (see Note IV,14 "long-term equity investment" (2) ④) and "loss of control of the disposal of the original subsidiary" (see the preceding paragraph) should be applied in the accounting treatment. If the transaction of the subsidiary equity investment until the loss of control is a package transaction, the transaction shall be treated as a transaction of the disposal of the subsidiary and losing the control; however, the difference

between the disposal price and the share of the net assets of the subsidiary before the loss of control should be recognized as other comprehensive income in the consolidated financial statements, and the profit and loss of the period of the loss of control.

7 . Classification of joint venture arrangement and accounting treatment methods for joint operation

Joint venture arrangement means an arrangement under the joint control of two or more parties. The Company shall, according to the rights and obligations enjoyed in the joint venture arrangement, divide the joint venture arrangement into joint operation and joint company. Joint operation means the joint venture arrangement in which the Company enjoys the relevant assets of the arrangement and assumes the liabilities related to the arrangement. Joint company means a joint venture arrangement in which the Company only enjoys rights to the net assets of the arrangement.

The company's investment in joint venture shall be calculated by equity method, which shall be treated in accordance with the accounting policies described in Note IV,14 "Long-term Equity Investment" (2) ② "Long-term equity investment calculated by equity method".

The Company, as the joint venture, recognizes the assets held by the Company, the liabilities and the liabilities held by the shares of the Company, and the liabilities held by the Company. Recognize the income generated by the sale of the share of the output incurred by the Company, and the expenses incurred by the Company in accordance with the share of the Company.

When the Company invests or sells assets as the joint venture (the assets do not constitute business, the same should be applied below) or purchases assets from the joint venture, prior to the sale of such assets to a third party, the Company recognizes only the portion of the profit or loss arising from the transaction attributable to other participants in the joint venture. For the asset impairment loss in accordance with the Accounting Standards for Business Enterprises No.8 —— Asset Impairment, the Company shall recognize the loss for the assets that the Company purchased the assets, the Company shall recognize the loss according to the share borne by itself.

8 . Standards for determining cash and cash equivalents

Cash refers to cash on hand and deposits that can be used for payment at any time. Cash equivalents refer to investments held by the company with a short term (generally due within three months from the purchase date), which are highly liquid, easy to be converted into a known amount of cash and with little risk of change in value.

9 . Foreign currency business and foreign currency statement translation

(1) The method for determining the exchange rate when foreign currency transactions occur

When a foreign currency transaction is initially recognized, the approximate spot exchange rate on the day of the transaction is used to convert the amount into RMB.

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

① Foreign currency currency items shall be converted through the central parity rate of RMB foreign exchange price published by the People's Bank of China on the balance sheet date. The exchange difference caused from the difference between the spot exchange rate on the balance sheet date and the initial recognition date or the previous balance sheet date shall be included in the current profit and loss.

② Foreign currency non-monetary items measured at historical cost shall still be converted at the spot exchange rate on the date of the transaction without changing the bookkeeping standard amount; foreign currency non-monetary items measured at fair

value shall be converted at the spot exchange rate on the date of fair value; the difference between the original bookkeeping standard amount shall be treated as the change of fair value (including change in exchange rate) and be included into the current profit and loss or other comprehensive income according to the nature of the non-monetary items.

Monetary items refer to the monetary funds held by the Company and the assets or liabilities to be collected in a fixed or definite amount.

Non-monetary items refer to items other than monetary items.

(3) Conversion method of foreign currency financial statements of overseas operating entities:

① The assets and liabilities in the balance sheet shall be converted at the spot exchange rate on the balance sheet date, and the owner's equity items except the "undistributed profit" shall be converted at the spot exchange rate at the time of occurrence;

② The income and expense items in the income statement shall be converted at the exchange rate similar ③ The conversion difference in the foreign currency financial statements generated from the above ① and ② conversion shall be listed separately under the owner's equity items in the balance sheet. to the spot exchange rate on the date of the transaction;

④ The financial statements of overseas operations in hyperinflation economy shall be converted in the following methods: Restate the balance sheet items by using the general price index, and restate the income statement items by using the general price index changes, then convert at the spot rate at the latest balance sheet date.

When the overseas operation is no longer in the hyperinflation economy, the restatement shall be stopped and the financial statements reconverted according to the price level on the date of cessation.

⑤ In the disposal of overseas operations, the Company shall convert the difference between the foreign currency financial statements related to the owner equity items of the balance sheet for the current disposal of overseas operations, the conversion difference of the foreign currency financial statements of the disposal portion shall be calculated at the proportion of the disposal and transferred to the profit and loss of the current disposal.

10 . Financial instrument

The financial instrument means a contract that forms the financial assets of one party and forms the financial liabilities or equity instruments of the other party. When the Company becomes a party to the financial instrument contract, it recognize the relevant financial assets or financial liabilities.

(1) Financial Assets

① Classification and the initial measurement

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

1) Financial assets measured at an amortized cost

The Company manages the business model of financial assets measured at amortized cost, and the contract cash flow characteristic of such financial assets is consistent with the basic lending arrangement, that is, the cash flow generated on a specific date is only the payment of the principal and the interest based on the outstanding principal amount. For such financial assets, the Company adopts the real interest rate method to conduct the follow-up measurement for the amortized cost, and the profit or loss generated by the amortization or impairment shall be recorded in the current profit and loss.

2) Financial assets measured at fair value and whose changes are included in other comprehensive income

The business model of the Company for managing such financial assets is to target both collecting and selling of the contractual cash flow, and the contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangement. The Company measures such financial assets at fair value and their changes are included in other comprehensive income, but the impairment losses or gains, exchange gains and losses and interest income calculated in accordance with the real interest rate method are included in the current profits and losses.among:

<1> Debt instrument investment measured at fair value and whose changes are included in other c Subsequent measurement should be performed at fair value. Interest rates, impairment losses or gains and exchange gains and losses calculated by the real interest rate method shall be included in the current profits and losses, while other gains or losses shall be included in other comprehensive gains. Upon the termination of recognition, the accumulated gains or losses previously included in other comprehensive income shall be transferred from other comprehensive income and recorded in the current profit and loss.omprehensive income

<2> Equity instrument investment measured at fair value and whose changes are included in other comprehensive income Subsequent measurement should be performed at fair value. The dividends obtained (except for the part of the investment cost recovery) shall be included in the current profit and loss, and other gains or losses shall be included in other comprehensive income. Upon the termination of recognition, the accumulated gains or losses previously included in other comprehensive income shall be transferred from other comprehensive income and included in the retained earnings.

For non-trading equity instrument investments, the Company may, upon initial recognition, irrevocably designate them as a financial asset measured at fair value and its changes included in other comprehensive income. The designation is made on the basis of a single investment, and the relevant investment meets the definition of the equity instrument from the perspective of the issuer.

3) Financial assets measured at fair value and whose changes are included in the current profit and loss.

The Company classifies the above financial assets measured at amortized cost and the financial assets measured at fair value and whose changes are included in other comprehensive income as the financial assets measured at fair value and whose changes are included in the current profit and loss. In addition, at the initial recognition, in order to eliminate or significantly reduce the accounting mismatch, the Company designated some financial assets as financial assets measured at fair value and their changes are included in the current profit and loss. For such financial assets, the Company adopts the fair value for subsequent measurement, and the change in the fair value is included in the current profit and loss.

The investment in equity instruments over which the Company has no control, joint control and significant influence will be measured at fair value and its changes will be included in current profit or loss, and listed as trading financial assets; Those expected to hold for more than one year from the balance sheet date are listed as other non-current financial assets.

Financial assets are measured at fair value at the initial recognition. For financial assets measured at fair value and whose changes are included in the current profit and loss, relevant transaction expenses are directly included in the current profit and loss; for other categories of financial assets, relevant transaction expenses are included in the initial recognition amount. For accounts receivable or notes receivable arising from the sale of products or the provision of services that do not include or do not take into account the significant financing components, the amount of consideration that the Company is expected to be entitled to collect shall be the initial recognition amount.

4) Equity instrument

An equity instrument is a contract that demonstrates ownership of the remaining interest in the assets excluding all liabilities.

The company's issuance (including refinancing), repurchase, sale or cancellation of equity instruments shall be treated as changes in equity, and the transaction expenses related to equity transactions shall be deducted from the equity. The Company does not recognize the change in the fair value of the equity instruments.

During the duration of the Company (including the "interest" generated by the "instruments" classified as "equity instruments"), it shall be treated as profit distribution.

② Impairment of financial assets

1) Method of recognition of the impairment provision

On the basis of expected credit loss, the Company makes impairment provision and confirms the applicable expected credit loss measurement method (general method or simplified method).

Credit loss refers to the difference between all the contractual cash flows receivable under the contract and all the expected cash flows collected, i. e., the present value of the total cash shortage. Among them, for the financial assets purchased or derived with credit impairment, the Company shall discount the actual interest rate of the financial assets.

The general method of measuring expected credit loss refers to measuring whether the credit risk of the financial assets (including contract assets and other applicable items, the same below) assessed by the Company on the balance sheet date has increased significantly since the initial confirmation, the Company measures the loss preparation according to the amount equivalent to the expected credit loss in the whole duration; if the credit risk does not increase significantly after the initial confirmation, the Company measures the loss preparation according to the amount equivalent to the expected credit loss in the next 12 months. For the financial assets purchased or derived with credit impairment, the Company shall only recognize the cumulative changes of the expected credit loss during the initial period on the balance sheet date. The Company considers all reasonable and grounded information, including forward-looking information, when assessing expected credit losses.

For receivables and contractual assets that are formed from transactions regulated by Accounting Standard for Business Enterprises No. 14 - Revenue and do not have a significant financing component or that the Company does not take into account the financing component of contracts not exceeding one year, the Company uses a simplified measurement method to measure the loss provision in terms of the amount of expected credit losses over the entire duration.

For financial assets other than the above measurement methods, the Company assess whether its credit risk has significantly increased since the initial recognition. If the credit risk has significantly increased since the initial confirmation, the Company measures the loss provision according to the amount of the expected credit loss in the entire duration; if the credit risk does not increase significantly after the initial confirmation, the Company measures the loss provision according to the amount of the expected credit loss in the next 12 months.

The Company uses available reasonable and warranted information, including forward-looking information, to compare the risk of default of the financial instrument on the balance sheet date with the risk of default on the initial recognition date to determine whether the credit risk of the financial instrument has increased significantly since the initial confirmation.

On the balance sheet date, if the Company determines that the financial instrument only has a low credit risk, it is assumed that the credit risk of the financial instrument has not increased significantly since the initial recognition.

The Company evaluates expected credit risk and measures expected credit losses on the basis of a single financial instrument or portfolio of financial instruments. When based on a combination of financial instruments, the Company divides financial instruments into different combinations based on common risk characteristics.

The Company re-measures the expected credit loss on each balance sheet date, and the increase or reversal of the loss provision will be recorded as impairment loss or gains. For the financial assets measured at amortized cost, the loss provision shall offset

the book value of the financial assets listed in the balance sheet; for the debt investment measured at fair value and its changes included in other comprehensive income, the Company confirms the loss provision in other comprehensive income, which does not offset the book value of the financial assets.

2) The criterion of whether credit risk increases significantly after initial confirmation

If the default probability of a financial asset within the expected duration determined on the balance sheet date is significantly higher than the default probability determined during the expected duration determined at the initial confirmation, it indicates that the credit risk of the financial asset is significantly increased. Except in special circumstances, the Company should use the change of the default risk in the next 12 months as a reasonable estimate of the change of the default risk during the entire duration to determine whether the credit risk increases significantly after the initial confirmation.

3) A portfolio approach to assessing expected credit risk on a portfolio basis

The Company evaluates credit risks for individual financial assets with significantly different credit risks, such as receivables of relevant parties, receivables for matters in dispute with the other side or matters involved in litigation or arbitration, and receivables where the debtor is likely to fail to fulfill repayment obligations.

In addition to individual financial assets that assess credit risk, the Company divides financial assets into different groups based on common risk characteristics and evaluates credit risk on the basis of a portfolio.

4) Accounting treatment method for the impairment of financial assets

At the end of the period, the Company calculates the estimated credit loss of various financial assets, if the estimated credit loss is greater than the book amount of the current impairment provision, the difference should be recognized as an impairment loss; if it is less than the current impairment provision, the difference should be recognized as an impairment gain.

5) Determination method of credit loss of various financial assets

The company needs to confirm the impairment loss of financial assets measured by amortized cost of financial assets, debt instruments measured at fair value and whose changes are included in other comprehensive incomes, as well as lease receivables, mainly including notes receivable, accounts receivable, receivables financing, other receivables, creditor's rights investment, other creditor's rights investment, long-term receivables, etc. In addition, for the contract assets and part of the financial guarantee contracts, impairment provisions and credit impairment losses are confirmed in accordance with the accounting policies described in this part.

<1> The account for receivables and contract assets for expected credit losses based on a combination of credit risk characteristics

Consolidation category	Basis for confirming the consolidation	Method of measuring expected credit losses
Bank acceptance bill receivable	Bill type	With reference to the historical credit loss experience, combined with the current situation and the forecast of the future economic situation, the expected credit loss should be calculated through the default risk exposure and the expected credit loss rate of the whole duration
Trade acceptance receivable		
Receivable-Account receivable age portfolio Contract asset - Account receivable age Portfolio	Account receivable age	With reference to the historical experience of credit loss, and combined with the current situation and the forecast of the future economic situation, the comparison table between the age of accounts receivable and the expected credit loss rate of the whole duration is prepared to calculate the expected credit loss
Accounts receivable —— consolidated related parties portfolio	Scope of merger	Based on historical credit loss experience, current conditions and expected future economic conditions
Other receivables - Account receivable age portfolio	Account receivable age	With reference to the historical credit loss experience, combined with the current situation and the forecast of the future economic situation, prepare the comparison table of other receivables age and the expected credit loss rate, and calculate the expected credit loss

Consolidation category	Basis for confirming the consolidation	Method of measuring expected credit losses
		rate in the next 12 months or the whole duration
Other receivables - consolidated related parties portfolio	Scope of merger	The allowance for bad debts is measured with reference to historical credit loss experience, combined with current conditions and expectations of future economic conditions

<2> Aging combination of aging and expected credit loss ratio comparison table

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

The age of accounts for the self-examination of accounts receivable and other receivables contracts starts from the month when the payment actually occurs.

For the receivables and contract assets formed by the transactions regulated by the Accounting Standards for Business Enterprises No.14 —— Income, the Company uses the simplified measurement method to measure the loss preparation according to the amount equivalent to the expected credit loss within the entire duration.

For leasing receivables, by the accounting standards for enterprises no. 14 —— income specification of transaction formation, and without significant financing components or the company does not consider not more than a year of financing receivables and contract assets of the contract, the company using the simplified measurement method, according to the entire duration of expected credit loss amount measurement loss.

For notes receivable and debt receivables measured at fair value and whose changes are included in other comprehensive income, if the maturity period is within one year (including one year from the initial confirmation date), they shall be reported as receivables financing. The Company measures the impairment loss by using the amount of the expected credit loss of the entire duration.

Debt investment is mainly accounted for by bond investment measured at amortized cost. The Company measures the impairment loss in the amount equivalent to the expected credit loss within the next 12 months, or for the entire duration, based on whether its credit risk has increased significantly since the initial recognition.

Other creditor's rights investments shall be mainly accounted for bond investment measured at fair value and whose changes are included in other comprehensive income. Financing of receivables with a maturity period of more than one year from the initial confirmation date shall also be reported as other creditor's rights investments. For other debt investments (including receivables listed in other debt investments), the Company shall measure the impairment loss by using the amount equivalent to the expected credit loss within the next 12 months or the entire duration based on whether its credit risk has increased significantly after the initial confirmation. For receivables financing that does not include major financing components, the Company measures the loss preparation according to the expected amount of credit loss equivalent to the entire duration.

<3> The criteria for the identification of receivables and contract assets for the provision of expected credit losses on a single basis

For receivables and contract assets whose credit risk is significantly different from combined credit risk, the Company shall draw expected credit losses according a single item.

③ Confirmation basis and measurement method for terminating the transfer of financial assets

If the financial assets meet one of the following conditions, the recognition of them shall be terminated:

- 1) Termination of the contractual right to collect the cash flow of the financial assets;
- 2) The financial assets have been transferred, and the Company transfers almost all the risks and rewards in the ownership of the financial assets to the transferred party;
- 3) The financial asset has been transferred. Although the Company has neither transferred nor retained almost all the risks and rewards in the ownership of the financial asset, it has abandoned the control of the financial asset.

Upon the confirmation termination of the investment of other equity instruments, the difference between the book value and the consideration received and the sum of the fair value directly recorded in other comprehensive income shall be included in the retained earnings, and the book value of the remaining financial assets and the sum of the fair value directly recorded in other comprehensive income shall be included in the current profit and loss.

If the Company has neither transferred nor retained almost all the risks and rewards in the ownership of the financial assets, and has not abandoned the control over the financial assets, the relevant financial assets shall be recognized according to the extent of the transferred financial assets, and the relevant liabilities shall be recognized accordingly. The degree to which the continued involvement of the transferred financial assets is involved refers to the risk level faced by the enterprise caused by the change in the value of the financial assets.

If the overall transfer of financial assets meets the conditions for termination of recognition, the difference between the book value of the transferred financial assets and the sum between the sum of the consideration received from the transfer and the fair value change originally included in other comprehensive income shall be included in the current profit and loss.

If the partial transfer of the financial assets meets the conditions of termination of recognition, the book value of the transferred financial assets shall be apportioned according to the relative fair value between the fair value of the transfer and the sum of the sum of the transfer of the transfer shall be included into the current profit and loss.

For the financial assets sold by recourse, or the endorsement transfer of the held financial assets, the Company needs to determine whether almost all the risks and rewards in the ownership of the financial assets have been transferred. If almost all the risks and rewards in the ownership of the financial asset have been transferred to the transferred party, the recognition of the financial asset should be terminated; if the financial asset retains the ownership of the financial asset and almost all the risks and rewards in the ownership of the financial asset, the recognition of the financial asset should not be terminated, if there is no transfer nor retention of almost all the risks and remuneration in the ownership of the financial asset, the company shall continue to judge whether the enterprise has retained the control of the asset and conduct treatment according to the principles described in the preceding paragraphs.

④ Cancel after verification

If the Company no longer reasonably expects that the contractual cash flow of the financial asset can be recovered in whole or in part, the book balance of the financial asset will be written down directly. This write-down constitutes the termination of recognition of the relevant financial assets. This usually occurs when the Company determines that the debtor has no assets or sources of income to generate sufficient cash flow to repay the amount that will be written down. However, the financial assets under the Company may allow the process to be affected by the execution activities.

If the write-down financial assets are recovered later, they shall be transferred back as impairment losses and recorded into the profits and losses of the current period.

(2) Financial liabilities

Financial liabilities are classified at the initial recognition as financial liabilities measured at amortized cost and financial liabilities measured at fair value and whose changes are included in the current profits and losses.

In addition to the following, the Company classifies financial liabilities as financial liabilities measured at amortized cost costs:

- ① Financial liabilities measured at fair value and whose changes are included in current profits and losses, include transactional financial liabilities (including derivatives of financial liabilities) and financial liabilities designated as measured at fair value and whose changes are included in current profits and losses.
- ② The transfer of financial assets does not meet the conditions for termination of recognition or continues to be involved in the transferred financial assets.
- ③ The financial guarantee contract not subject to Item ① or ② of this Article and a loan commitment at a below market rate that is not subject to Item ① of this Article. In a business merger not under the same control, if the contingent consideration recognized by the Company as the acquirer forms the financial liabilities, the financial liabilities should be measured at fair value and the changes should be included in the profit and loss of the current period.

At the time of initial recognition, in order to provide more relevant accounting information, the Company may designate financial liabilities measured at fair value and recorded in the profit and loss of the current period, which meets one of the following conditions:

- 1) Eliminate or significantly reduce accounting mismatch.
- 2) Manage and evaluate the performance of a portfolio of financial liabilities or a portfolio of financial assets and financial liabilities on a fair value basis in accordance with the corporate risk management or investment strategy set out in formal written documents, and report internally to key management on that basis. Such designation, once made, cannot be revoked.

The financial liabilities of the Company are mainly financial liabilities measured at amortized cost, including notes payable and accounts payable, other payables, borrowings and bonds payable, etc. Such financial liabilities are initially measured according to the fair value after deducting transaction expenses, and subsequently measured by the real interest rate method. If the term is less than one year (including one year), it should be listed as current liabilities; if the term is more than one year but is due within one year (including one year) from the balance sheet date, it should be listed as non-current liabilities due within one year; the rest are listed as non-current liabilities.

When the current obligation of the financial liability has been discharged in whole or in part, the Company terminate the recognition of the part of the financial liability or discharged obligation. The difference between the book value of the terminated part and the consideration paid shall be included in the current profit and loss.

If the current obligation of the financial liability (or a part of it) has been discharged, the Company shall terminate the recognition of the financial liability (or such a part of the financial liability).

(3) Determination of fair value of financial instruments

For financial instruments with active market, the fair value should be determined by the quotation in the active market. For financial instruments with no active market, the valuation techniques should be used to determine their fair value. The company divides the input values used by the valuation technology at the following levels and uses them successively:

- ① The first level of input value is an unadjusted offer of the same assets or liabilities in the active market that can be obtained on the measurement date;
- ② The second level of input value is the input value directly or indirectly visible besides the first level of input value, including: the quotation of similar assets or liabilities in the active market; the quotation of the same or similar assets or liabilities in the nonactive market; the other observable input value other than the quotation, such as the interest rate and yield curve observable during the normal quotation interval; the input value of market verification, etc.;

③ The third level of input value is the unobservable input value of the relevant assets or liabilities, including interest rates that cannot be directly observed or cannot be verified by observable market data, stock volatility, future cash flow of abandonment obligations in business mergers, financial forecasts made using their own data, etc.

(4) Follow-up measurement

After the initial recognition, the Company shall measure different categories of financial assets at amortized cost, fair value and their changes in other comprehensive income or fair value and their changes in the current profit and loss.

After the initial recognition, the Company shall measure different categories of financial liabilities at amortized cost, fair value and changes in the current profit or loss or by other appropriate methods.

The amortized cost of a financial asset or financial liability is determined by the initial recognized amount of the financial asset or financial liability after the following adjustments:

- ① Deduct the repaid principal.
- ② Add or subtract the cumulative amortization amount formed by amortifying the difference between the initial recognized amount and the due date amount by the effective interest rate method.
- ③ Excluding accumulated losses (only for financial assets).

The Company recognizes the interest income in accordance with the real interest rate method. Interest income should be calculated from the book balance of financial assets multiplied by the effective interest rate unless:

- 1) For the financial assets purchased or derived with credit impairment, the Company shall determine the interest income according to the amortized cost of the amortized assets and the actual interest rate of the financial assets.
- 2) For the purchased or generated financial assets that have no credit impairment but become credit impairment in the subsequent period, the Company shall determine the interest income according to the amortized cost and actual interest rate of the financial assets in the subsequent period. If the Company uses the real interest rate method to calculate the credit impairment in the subsequent period, and the improvement can be objectively related to an event occurring after the application of the above policy (if the credit rating of the debtor's credit rating is raised), the Company transfers the real interest rate multiplied by the book balance of the financial assets.

11 . Inventory

(1) Classification of inventory

Inventory includes raw materials, in-process products, semi-finished products, finished products, inventory goods, turnover materials, low-value consumables and contract performance costs, etc. (For "Contract Performance Cost", see Note IV, 28 and "Contract Acquisition Cost and Contract Performance Cost".)

(2) Method of valuation of issued issued

The inventory should be priced on the weighted average basis when issued.

(3) The basis for determining the net realizable value of inventory and the withdrawal method for inventory depreciation reserve
On the balance sheet date, the inventory shall be measured according to the lower cost and the net realizable value. If the inventory cost is higher than its net realizable value, the provision for inventory depreciation shall be withdrawn and recorded into the current profit and loss. Net realizable value refers to the amount after the estimated selling price of inventory minus the estimated cost, estimated sales expenses and related taxes at completion.

The net realizable value of various inventories is determined as follows:

① The inventory of goods directly used for sale, such as finished products, goods and materials used for sale, shall, in the normal process of production and operation, determine the net realizable value after the estimated selling price of the inventory minus the estimated sales expenses and relevant taxes.

② For the inventory of materials to be processed, its net realizable value is determined in the normal course of production and operation by the estimated selling price of the finished products produced less the estimated cost to be incurred at the time of completion, estimated selling expenses and related taxes.

③ On the balance sheet date, if one part of the same inventory has the contract price without the other part, the net realizable value shall be determined respectively, and compared with the corresponding cost, the amount of the withdrawal or reversal of the inventory depreciation provision shall be determined respectively.

Inventory depreciation provision shall be made according to a single inventory item (or inventory category), and inventory depreciation provision shall be related to the same or similar product series produced or sold in the same region, and is difficult to be measured separately from other items.

(4) Inventory system

The inventory system adopts the perpetual inventory system.

(5) The amortization method of low-value consumables and packaging

The low-value consumables are amortized by 50-50.

12 . Contract assets

(1) Methods and standards for the recognition of contract assets

The contractual asset means the right to receive a consideration and to depend on any other factor than the passage of time. Contractual assets and liabilities under the same contract are listed in net value, and contractual assets and liabilities under different contracts shall not be offset.

(2) Methods for determining and accounting for expected credit losses of contract assets

The provision for impairment of contract assets shall be subject to the expected credit loss method of financial instruments. For contractual assets that do not include significant financing components, the Company uses a simplified method to measure loss preparation. For contractual assets containing significant financing components, the Company measures loss provisions in general methods.

In case of impairment loss of the contract assets, the amount shall be deducted and the "asset impairment loss" shall debit the provision for impairment of the contract assets.

13 . Holding assets for sale or disposal group

(1) Non-current assets held for sale or disposal group recognition criteria

If the Company recovers its book value primarily by sale (including the exchange of non-monetary assets with commercial substance, the same below) rather than the continuous use of a non-current asset or disposal group, it should be categorized under "held for sale". The specific criteria shall simultaneously meet the following conditions:

① According to the practice of selling such assets or disposal groups in similar transactions, they can be sold immediately under current conditions;

② The sale is most likely, where the company has made a resolution on a sale plan and obtained a definite purchase

commitment, and the sale is expected to be completed within a year.

Among them, the disposal group is a group of assets disposed of as a whole by sale or other method in a transaction, and the liabilities directly related to those assets transferred in the transaction. Where the asset group or asset group portfolio of the disposal group shares the goodwill acquired in the enterprise merger in accordance with the Accounting Standards for Business Enterprises No.8-Asset Impairment, the disposal group shall include the goodwill allocated to the disposal group.

(2) Accounting treatment methods

If the carrying value of non-current assets held for sale and disposal group is higher than the net amount after using the fair value minus disposal expense when the initial measurement or remeasurement is made at the balance sheet date, the carrying value should be written down to the net amount after using the fair value minus the disposal expense, and the amount written down should be recognized as asset impairment loss and included in current profit or loss, and the impairment provision for assets held for sale should also be made. For the disposal group, the confirmed asset impairment loss first offset the carrying value of goodwill in the disposal group, and then offset the book value of the non-current assets stipulated in the accounting Standards for Business Enterprises No.42- Non-current Assets held for Sale, Disposal Group and Terminated Operation (hereinafter referred to as the "Standards for Holding for Sale" in the disposal group). After deducting the selling expense, if the net amount of the fair value of the disposal group held for sale increased on the subsequent balance sheet date, the amount previously written down shall be restored and reversed within the amount of asset impairment loss recognized in the non-current assets as prescribed by the held for sale standard after being classified into the holding for sale category, the carry-back amount is recognised in profit or loss for the current period and its carrying value is increased in proportion to the carrying value of each non-current asset in the disposal group as measured by the applicable hold-for-sale criteria other than goodwill; The carrying value of goodwill that has been written off, as well as the asset impairment losses recognized prior to classifying non-current assets as held for sale under the applicable holding for sale measurement criteria, cannot be rolled back.

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

If the non-current assets or disposal group no longer meets the requirements of the held for sale category, it will not continue to divide the held for sale category or remove the non-current assets from the disposal group held for sale and measure below:

- ① The book value before the held for sale category, the amount adjusted for depreciation, amortization or impairment assumed not to be recognized in the held for sale category;
- ② Recreable amount.

(3) Termination of operation

Termination of operations is a component of ownership that is separate and has been disposed of or classified by the Company under one of the following conditions:

- ① The component represents an independent main business or a separate main operating area;
- ② This component is part of a plan associated with the disposition of a separate principal business or a separate main business area of operation;
- ③ The component is a subsidiary acquired exclusively for resale.

The Company shall separately report the profit and loss of terminated operation in the income statement, and the impairment loss and loss amount of terminated operation and loss shall be presented as the profit and loss of terminated operation.

14 . Long-term equity investment

The long-term equity investment mentioned in this part refers to the long-term equity investment that the Company has the control, joint control or significant influence on the invested unit. The Company has no control, joint control or significant influence of the invested unit as a financial assets accounting measured at fair value and included in the current profits and losses. If the changes is non-tradable, the Company may choose to designate it as financial assets accounting measured at fair value and whose changes are included in other comprehensive income. The accounting policies are detailed in Note IV and 10 "Financial Instruments".

Joint control means the common control of the Company over an arrangement in accordance with the relevant agreement, and the relevant activities of the arrangement must be decided after the unanimous consent of the participants who share the control right. Significant impact means that the Company has the right to participate in the decision-making of the financial and operational policies of the investee, but is unable to control or jointly control the formulation of these policies together with other parties.

(1) Determination of the investment cost

For the long-term equity investment acquired by the enterprise merger under the same control, the initial investment cost of the long-term equity investment shall be based on the merger date of the share of the book value of the incorporated party in the consolidated financial statements of the final controlling party. The difference between the initial investment cost of the long-term equity investment and the cash paid, the transferred non-cash assets and the book value of the debts undertaken shall adjust the capital reserves; if the capital reserve is insufficient, the retained earnings shall be adjusted. If the issue of equity securities is taken as the merger consideration, the capital reserves shall be adjusted on the basis of the share of the shareholders' equity of the merged party in the consolidated financial statements of the final controlling party as the initial investment cost of the long-term equity investment and the total face value of the issued shares as equity, and the difference between the initial investment cost of the long-term equity investment and the total face value of the issued shares; if the capital reserve is insufficient to offset, the retained earnings shall be adjusted. If the equity of the merged party under the same control is acquired through multiple transactions step by step, and the enterprise merger under the same control, whether it is a "package transaction" respectively: for a "package transaction", each transaction shall be treated as a transaction that obtains control right. If it does not belong to the "package transaction", the capital reserves shall be adjusted on the merger date according to the sum of the book value of the equity of the shares of the final controller and the initial investment cost of the book value before the merger date; if the capital reserve is insufficient, the retained earnings shall be adjusted. The equity investment held by the equity method before the merger date or recognized as financial assets measured at fair value and whose changes are included in other comprehensive income shall not be accounted for for the time being.

For the long-term equity investment acquired by the enterprise merger not under the same control, the merger cost shall be taken as the initial investment cost of the long-term equity investment on the purchase date, and the merger cost includes the sum of the assets paid by the acquirer, the liabilities incurred or assumed, and the equity securities issued. If the equity of the acquirer is acquired step by step through multiple transactions and the enterprise merger is not under the same control, it shall be treated whether it belongs to the "package transaction" respectively: for the "package transaction", each transaction shall be treated as a transaction acquiring control. If it does not belong to the "package transaction", the sum of the book value of the equity investment of the original acquiree plus the new investment cost shall be the initial investment cost of the long-term equity investment calculated according to the cost method. If the equity originally held is accounted by the equity method, the relevant other comprehensive income shall not be treated for the time being.

The fee of audit, legal services, evaluation and consulting and other related management matters incurred by the consolidated

party or the acquirer shall be recorded into the current profits and losses at the time of occurrence.

Equity investments other than long-term equity investments formed by business mergers are initially measured at cost, which depends on the manner in which long-term equity investments are acquired. It is determined in accordance with the actual cash purchase price paid by the Company, the fair value of the equity securities issued by the Company, the value agreed in the investment contract or agreement, the fair value or original book value of the assets exchanged in the non-monetary asset exchange transaction, and the fair value of the long-term equity investment itself. Fees, taxes and other necessary expenses directly related to the acquisition of long-term equity investments are also included in the cost of investment. For the additional investment that can exert a significant impact on the invested unit or exercise joint control but does not constitute control, the cost of long-term equity investment is the sum of the fair value of the original equity investment plus the cost of the new investment determined in accordance with Accounting Standard for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments.

(2) Follow-up measurement and profit and loss recognition methods

The long-term equity investment with joint control (except the co-operator) or significant impact, shall be accounted by the equity method. In addition, the Company's financial statements use the cost method to account for the long-term equity investment that can be controlled by the invested unit.

① Long-term equity investment calculated by the cost method

When the cost method is used, the long-term equity investment is priced at the cost of the initial investment, and the cost of the additional or withdrawn investment is adjusted for the long-term equity investment. In addition to the cash dividends or profits actually paid at the time of obtaining the investment or the cash dividends declared but not yet paid included in the consideration, the investment income of the current period shall be recognized in accordance with the cash dividends or profits declared by the invested unit.

② Long-term equity investment accounted for by the equity method

When using the equity method, if the initial investment cost of a long-term equity investment is greater than the fair value share of the investee's identifiable net assets when the investment is made, the initial investment cost of the long-term equity investment should not be adjusted; If the initial investment cost is less than the fair value share of the identifiable net assets of the investee, the difference should be included in the current profit or loss, and the cost of long-term equity investment should be adjusted at the same time.

When using the equity method, the investment income and other comprehensive income shall be confirmed according to the share of the book value of the invested unit; the value and the book value of the long-term equity investment shall be adjusted according to the profit or cash dividend of the long-term equity investment and included in the capital reserve. When recognizing the share of the net profit and loss of the invested entity, the net profit of the invested entity shall be adjusted on the basis of the fair value of the identifiable assets of the invested entity at the time of obtaining the investment. If the accounting policies and accounting periods adopted by the invested entity are inconsistent with the Company, the financial statements of the invested entity shall be adjusted in accordance with the accounting policies and accounting periods of the Company, and the investment income and other comprehensive income shall be confirmed. For the transactions between the Company and the joint venture, if the assets invested or sold do not constitute business, the unrealized internal transaction gains and losses shall be offset by the Company, and the investment gains and losses shall be recognized. However, the unrealized internal transaction loss incurred by the Company and the invested entity belongs to the impairment loss of the transferred assets and shall not be offset. If the assets invested by the Company into a joint venture or an associate constitute a business, and the investor thus obtains long-term equity investment but does not acquire control, the fair value of the invested business

shall be taken as the initial investment cost of the new long-term equity investment, and the difference between the initial investment cost and the book value of the invested business shall be fully included in the current profit or loss. Where the assets sold by the Company to a joint venture or associate constitute a business, the difference between the consideration obtained and the carrying value of the business should be fully included in the current profit or loss. Where the assets purchased by the Company from associates and joint ventures constitute business, the accounting treatment shall be carried out in accordance with the provisions of Accounting Standard for Business Enterprises No. 20 - Business Combination, and the gain or loss related to the transaction shall be fully recognized.

When confirming the net loss incurred by the investee, the book value of the long-term equity investment and the other long-term equity that substantially constitute the net investment of the investee shall be written down to zero. In addition, if the Company has the obligation to bear additional losses to the investee, the estimated liabilities shall be recognized according to the expected obligations and included in the current investment losses. If the invested entity achieves net profit in the following period, the Company shall resume the recognized income share after the earnings share makes up for the unrecognized loss share.

③ Acquisition of minority equity

At the time of preparing the consolidated financial statements, the capital reserves shall be adjusted due to the difference between the new long-term equity investment of the purchase of minority shares and the share of the net assets continuously calculated by the subsidiary since the purchase date (or merger date). If the capital reserves are insufficient to write down, the retained earnings shall be adjusted.

④ Disposal of long-term equity investments

In the consolidated financial statements, the parent company shall partially dispose of the long-term equity investment of the subsidiary and the difference between the disposal price and the long-term equity investment of the subsidiary and the disposal of the relevant accounting policies described in Note IV, 6, "Judgment Standard for Control and Preparation Method of Consolidated Financial Statements" (2).

For the disposal of long-term equity investment under other circumstances, the difference between the book value and the actual obtained price shall be recorded in the current profit and loss.

For the long-term equity investment calculated by the equity method, if the remaining equity after disposal is still calculated by the equity method, the other comprehensive income parts originally included in the shareholders' equity shall be treated on the same basis as the direct disposal of the related assets or liabilities of the invested unit in the corresponding proportion. The owner's equity recognized due to the owner's equity other than the net profit and loss, other comprehensive income and profit distribution shall be transferred to the profit and loss of the current period.

If a long-term equity investment is accounted for by the cost method and the remaining equity is still accounted for by the cost method after disposal, the other comprehensive income recognized by the equity method or financial instrument recognition and measurement criteria before the acquisition of control of the investee shall be accounted for on the same basis as the direct disposal of the relevant assets or liabilities by the investee. And carry forward the current profit and loss pro rata; Changes in owners' equity other than net profit and loss, other comprehensive income and profit distribution in the net assets of investee units recognized as a result of the equity method of accounting are carried forward to current profit and loss in proportion. If the Company loses control of the investee due to the disposal of part of the equity investment, when preparing individual financial statements, the remaining equity after disposal can exercise common control or exert significant influence on the investee, it shall be calculated according to the equity method, and when the remaining equity is regarded as self-acquired, it shall be adjusted by the equity method. If the remaining equity after disposal cannot jointly control or exert significant influence on the investee, it shall be accounted for in accordance with the relevant provisions of the Standards for the recognition and

measurement of financial instruments, and the difference between the fair value and the carrying value on the date of loss of control shall be included in the current profit or loss. Other comprehensive income recognised by the equity method or financial instrument recognition and measurement standards before the Company acquired control of the investee shall be accounted for on the same basis as the direct disposal of the relevant assets or liabilities by the investee when it loses control of the investee. Changes in owner's equity other than net profit and loss, other comprehensive income and profit distribution in the net assets of the investee recognized by the equity method are transferred to current profit and loss when the control over the investee is lost. Among them, if the remaining equity after disposal is accounted for by the equity method, other comprehensive income and other owner's equity are carried forward in proportion; If the remaining equity after disposal is changed to accounting treatment according to the recognition and measurement standards of financial instruments, other comprehensive income and other owners' equity are all carried forward.

If the Company loses its joint control or significant impact on the invested unit due to the disposal of part of the equity investment, the remaining equity after disposal shall be calculated according to the financial instrument recognition and measurement criteria, and the difference between the fair value and the book value on the day of the loss of joint control or significant impact shall be recorded into the current profit and loss. The original equity investment due to the equity method and accounting confirmation of other comprehensive income, in the termination of the accounting of the basis of the same, because of the investment except the net profit and loss, other comprehensive income and profit distribution of other owner's equity changes, when the equity method all into the current investment income.

The Company will dispose of its equity investment in subsidiaries step by step through multiple transactions until it loses control. If the above transactions are package transactions, each transaction shall be accounted for as one transaction disposing of the equity investment of subsidiaries and losing control, and the difference between the disposal price of each disposal and the book value of the long-term equity investment corresponding to the equity disposed of before the loss of control shall be the difference between the disposal price and the long-term equity investment corresponding to the equity disposed before the loss of control. First recognized as other comprehensive income, when the loss of control is transferred to the loss of control of the current period profit and loss.

See Note IV and 20 "Long-term asset impairment" for the recognition standard and withdrawal method of impairment provisions for long-term equity investment.

15 . Investment real estate

The company's investment real estate refers to the real estate held for the purpose of earning rent or capital appreciation, or both, including the land use right leased, the land use right held and ready to be transferred after the appreciation, and the leased buildings. The investment real estate shall be initially measured according to the cost, and the cost model shall be adopted to subsequently measure the investment real estate or the fair value model on the balance sheet date.

(1) Adopt the cost model

Investment real estate is depreciated or amortized by the following useful life and estimated net residual value rate:

<u>Name</u>	<u>Service life</u>	<u>Estimated net residual value</u> <u>rate</u>	<u>Annual depreciation rate or</u> <u>amortization rate</u>
House and buildings	20-40 years	0%-10%	2.25%-5.00%

See Note IV and 20 "Long-term asset impairment" for the recognition standard and withdrawal method of investment real estate impairment provisions using the cost model.

(2) Adopt the fair value model

Without depreciation or amortization of the investment real estate, the book value shall be adjusted based on the fair value of

the investment real estate on the balance sheet date, and the difference between the fair value and the original book value shall be included in the current profit and loss.

16 . Fixed assets

(1) Fixed assets recognition conditions

Fixed assets refer to tangible assets held for the production of goods, providing labor services, leasing or operation and management, and with a service life of more than one fiscal year. Fixed assets shall be confirmed if the following conditions are met:

- ① Economic benefits related to this fixed asset are likely to flow into the enterprise;
- ② The cost of this fixed asset can be measured reliably.

(2) Various depreciation methods of fixed assets

All kinds of fixed assets adopt the straight line method and make depreciation according to the following useful life, estimated net residual value rate and depreciation rate:

<u>Categories</u>	<u>Depreciation method</u>	<u>Service life</u>	<u>Estimated net salvage rate</u>	<u>Yearly depreciation rate</u>
Houses and buildings	straight-line depreciation method	20-40 years	0%-10%	2.25%-5.00%
Ships and nets	straight-line depreciation method	5-30 years	3%-5%	3.17%-19.40%
Machinery equipment	straight-line depreciation method	8-20 years	0%-10%	4.50%-12.50%
Delivery equipment	straight-line depreciation method	5 years	0%-10%	18.00%-20.00%
Furniture and office equipment	straight-line depreciation method	5 years	0%-10%	18.00%-20.00%

(3) See Note IV and 20 "Long-term asset impairment" for the impairment test method and the withdrawal method of the impairment provisions of fixed assets.

17 . Construction in process

The cost of the project under construction shall be determined according to the actual project expenditure, including the project expenditure incurred during the period under construction, the capitalized borrowing expenses before the project reaches the predetermined usable state and other related expenses.

The construction under construction is carried forward to fixed assets after reaching the predetermined usable state, in which the construction under construction is carried forward to fixed assets when delivered with fishing conditions, and the construction is carried forward to fixed assets when the physical construction (including installation) work has been fully completed or has been substantially completed.

See Note IV and 20 "Long-term asset impairment" for the impairment test method and impairment provision method of the construction under construction.

18 . Borrowing costs

(1) If the loan expenses incurred by the Company can be directly attributed to the purchase, construction or production of the assets meeting the capitalization conditions, they shall be capitalized and included in the relevant asset costs. Assets that meet the capitalization conditions refer to the assets such as fixed assets, investment real estate and inventory that take a long time (usually one year or more) for purchase, construction or production activities to reach the predetermined marketable status. Other borrowing expenses shall be recognized as expenses according to the amount of occurrence and shall be included in the current profits and losses. Borrowing expenses include borrowing interest, amortization of discount or premium, auxiliary expenses and exchange difference due to foreign currency borrowing, etc.

(2) If the borrowing costs meet the following conditions, the capitalization should begin:

① Asset expenditure has been incurred, including the cash paid for the purchase, construction or production of assets that meet the conditions for capitalization, the transfer of non-cash assets or the assumption of interest-bearing debts;

② Borrowing expenses have been incurred;

When the purchase, construction or production of assets meeting the capitalization conditions reach the predetermined usable or marketable status, the borrowing expenses shall be capitalized.

In case of the abnormal interruption of the assets for more than 3 consecutive months, the capitalization of the borrowing expenses shall be suspended. The borrowing expenses incurred during the interruption period are recognized as expenses and recorded into the current profits and losses until the purchase and construction of the assets or the production activities resume. If the interruption is due to the capitalization of the qualified assets purchased or produced as necessary for the intended usable or marketable status, the capitalization of the borrowing costs continues.

(3) During the capitalization period, the amount of interest (including amortization of discounts or premiums) capitalized for each accounting period shall be determined as follows:

① Where a special loan is borrowed for the purpose of purchase, construction or production of assets that meet the conditions for capitalization, the amount shall be determined by the interest expense actually incurred in the current period, minus the interest income of the unused borrowing funds deposited in the bank or the investment income obtained from temporary investment.

② Where a general loan is occupied for the purpose of purchase, construction or production of assets that meet the conditions for capitalization, the amount of interest on which the general loan shall be capitalized shall be calculated and determined by multiplying the weighted average of the accumulated asset expenditure exceeding the special loan by the capitalization rate of the general loan occupied. The capitalization rate is determined according to the weighted average interest rate of general borrowing. Where there is a discount or premium for the loan, the amount of discount or premium for each accounting period shall be determined according to the actual interest rate method and the amount of interest for each period shall be adjusted.

During the capitalization period, the amount of interest in each accounting period shall not exceed the amount of interest actually incurred by relevant loans in the current period.

(4) The auxiliary expenses incurred by special loans, which are incurred before the assets purchased, built or produced eligible for capitalization reach the predetermined usable or marketable state, are capitalized according to the amount incurred at the time of occurrence and are included in the cost of the assets eligible for capitalization; If an asset that is purchased, built or produced and eligible for capitalization has reached a predetermined useable or marketable state, it shall be recognized as an expense based on the amount incurred at the time of occurrence and recorded in the current profit or loss. Auxiliary expenses incurred by general loans are recognized as expenses according to their amount at the time of occurrence and are included in

current profit or loss.

19 . Intangible assets

(1) Intangible assets refer to the identifiable non-monetary assets owned or controlled by an enterprise without a physical form. Intangible assets are initially measured according to the cost. Analyze and judge the service life of the intangible assets when they are acquired.

(2) The Company generally determines the useful life of intangible assets:

- ① Information on the usual life cycle of the product produced with the asset;
- ② Technology, process and other aspects of the current situation and the estimation of the future development trend;
- ③ The market demand for the products or services produced with the asset;
- ④ Action expected by current or potential competitors;
- ⑤ Prospective maintenance expenditures to maintain the ability to bring economic benefits to the asset, and the Company's ability to expect to pay related expenditures;
- ⑥ Relevant legal provisions or similar restrictions on the control period of the asset, such as the concession period, lease term, etc.;
- ⑦ The correlation with the service life of other assets held by enterprises.

If it is impossible to foresee the period of intangible assets to bring economic benefits to the Company, it shall be regarded as intangible assets with uncertain service life.

(3) For intangible assets with limited service life, the system shall amortize reasonably (or straight line method) during the service life. At the end of each year, the Company will review the service life and amortization methods of intangible assets with limited service life. If the service life and amortization method of intangible assets are different from the previous estimate, the amortization period and amortization method will be changed. For the intangible assets with limited service life, the service life and the estimated net residual value rate of the intangible assets are as follows:

<u>Name</u>	<u>Service life</u>	<u>Judging basis of service life</u>	<u>Estimated net salvage rate</u>
Land use right	42-49 years	Term of land certificate	0%
Software	5-10 years	Historical experience	0%

See Note IV and 20 "Long-term asset Impairment" for the impairment test method and impairment provision withdrawal method of intangible assets with limited service life.

(4) Intangible assets with uncertain service life include intangible assets that have been continued to be used after amortization, while intangible assets with uncertain service life shall not be amortized

(5) Internal research and development

1. Expenditure of internal research and development project, including expenditure of research stage and development stage, including:

- 1) Research is an original planned survey for acquiring and understanding new scientific or technical knowledge.

2) Development refers to the application of research results or other knowledge to a plan or design to produce new or substantially improved materials, devices, products, etc.

2. Expenditures incurred during the research phase of internal research and development projects are recognized in the current period's profit and loss; expenditures during the development phase that meet the following conditions are recognized as intangible assets:

- 1) It is technically feasible to complete the intangible assets to use or sell them;
- 2) Having the intention to complete the intangible assets and use or sell them;
- 3) The ways in which the intangible assets generate economic benefits, including proving that the products produced with the intangible assets exist in the market or that the intangible assets themselves exist in the market, and that the intangible assets will be used internally, their usefulness shall be proved;
- 4) Having sufficient technical, financial resources and other resources to complete the development of the intangible assets and having the ability to use or sell the intangible assets;
- 5) The expenditure attributable to the development phase of the intangible asset can be measured reliably.

20 . Long-term asset impairment

For non-current non-financial assets such as fixed assets, construction projects under construction, use assets with limited use life, intangible assets, investment real estate measured by cost mode and long-term equity investment in subsidiaries, joint ventures and joint ventures, the Company determines whether there are signs of impairment on the balance sheet date. If there are signs of impairment, the recoverable amount shall be estimated and the impairment test shall be conducted. Goodwill, intangible assets with uncertain service life and intangible assets that have not yet reached the usable state shall be subject to impairment test every year, regardless of whether there are signs of impairment.

If the result of the impairment test indicates that the recoverable amount of the asset is lower than its book value, the impairment provision shall be drawn according to the difference and included in the impairment loss. The recoverable amount is the higher value between the fair value of the asset minus the disposal expense and the present value of the estimated future cash flow of the asset. The fair value of the asset is determined according to the price of the sales agreement in fair trading; if there is no sales agreement but there is an active asset market, the fair value is determined according to the acquiree bid of the asset; if there is no sales agreement and asset active market, the fair value of the asset is estimated on the basis of the best-available information. The disposal expenses include legal expenses related to the disposal of the assets, related taxes, handling fees, and direct expenses incurred to bring the assets to a marketable status. The present value of the estimated future cash flow of the asset shall be determined according to the amount of the estimated future cash flow generated during the continuous use of the asset and the final disposal at an appropriate discount rate. The asset impairment provision is calculated and confirmed on the basis of a single asset. If it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group shall be determined by the asset group to which the asset belongs. Asset groups are the minimum portfolio that can independently generate cash inflows.

In the case of impairment test of goodwill, the carrying value of goodwill is allocated to the relevant asset group reasonably from the date of purchase; if it is difficult to allocate to the relevant asset group, it shall be allocated to the relevant asset group portfolio. The relevant asset group or asset group portfolio is an asset group or asset portfolio that can benefit from the synergies of business consolidation and is not greater than the reporting division determined by the Company.

When the impairment test is conducted on the relevant asset group or asset group portfolio containing goodwill, if there are signs of impairment in the asset group or asset group portfolio related to goodwill, the impairment test shall be conducted on the asset group or asset group portfolio excluding goodwill to calculate the recoverable amount and confirm the corresponding

impairment loss. Then conduct impairment tests on the asset group or portfolio of asset groups containing goodwill, Compare its carrying value to the recoverable amount, If the recoverable amount is lower than the carrying value, The amount of impairment loss is first offset against the carrying value of goodwill in the asset group or portfolio, According to the proportion of the book value of other assets except goodwill in the asset group or asset group portfolio, offset the book value of other assets, Provided that the book value of each asset after deduction shall not be lower than the fair value of the asset minus the net amount (if certain) and the present value of the estimated future cash flow of the asset (if certain), And not lower than zero. Once the impairment loss of the above assets is recognized, the value shall not be recovered in the later period.

21 . Long-term deferred expenses

Long-term deferred expenses are the expenses incurred by the Company that shall be borne by the current and subsequent period for more than one year (excluding one year). Long-term deferred expenses are equally amortized during the benefit period. If the long-term deferred expenses cannot benefit the later accounting period, the unamortized surplus value will be transferred to the current profit and loss.

Long-term deferred expenses are amortized on a straight-line basis over the following period:

<u>Name</u>	<u>Amortization period</u>
Renovation costs	2-5 years

22 . Contract liabilities

Contract liabilities reflect the obligation to transfer goods to the customer for the consideration received or receivable. If the customer has paid the contract consideration or has obtained the right to receive the contract consideration unconditionally before the transfer to the customer, the contract liabilities shall be recognized according to the amount received or receivable when the actual payment and the amount due. Contractual assets and liabilities under the same contract shall be listed in net value, and contractual assets and liabilities under different contracts shall not be offset.

23 . Employee compensation

(1) The range of employee compensation

Employee compensation refers to the various forms of compensation or compensation given by the company for the service provided by the employee or for the termination of the labor relationship. Employee compensation includes short-term compensation, post-resignation benefits, dismissal benefits and other long-term employee benefits. The benefits provided by the company to the employees' spouses, children, dependants, family of the deceased employees and other beneficiaries also belong to the employee compensation.

(2) Short-term compensation refers to the full employee compensation to be paid within 12 months after the end of the annual reporting period provided by relevant services.

Short-term salary includes social insurance premiums such as employees' wages, bonuses, allowances and subsidies, employee welfare, medical insurance, working injury insurance and maternity insurance, housing provident fund, trade union fund and employee education fund, short-term paid absence, short-term profit sharing plan, non-monetary welfare and other short-term salary.

Short-term compensation during the accounting period when the employee provides services for the company, the actual short-term compensation is recognized as a liability and recorded in the current profit and loss or related asset costs.

Post-resignation benefits refer to all forms of remuneration and benefits provided by the Company for the retirement of the

employee or the termination of the labor relationship with the Company, except for short-term compensation and dismissal benefits.

Post-resignation benefit plan include the defined contribution plan and the defined benefit plan. Among them, the defined contribution plan is the post-resignation welfare plan in which the Company no longer assumes further payment obligations; the defined benefit plan refers to the post-resignation welfare plan other than the defined contribution plan.

The defined contribution plan includes basic endowment insurance, unemployment insurance, etc. During the accounting period when the employee provides the service, the amount payable calculated according to the defined contribution plan shall be recognized as liabilities and included in the current profit and loss or related asset costs.

At the end of the reporting period, the employee compensation costs arising from the defined benefit plan should be recognized as the following components:

- ① Service costs, including current service costs, past service costs, and settlement gains or losses.
- ② Net interest on the net liabilities or net assets of the defined benefit plan, including interest income on the planned assets, interest expense on the obligations of defined benefit plan, and interest affected by the asset ceiling.
- ③ Remeasure the change in the net liabilities or net assets of the defined benefit plan.

Unless other accounting standards require or allow employee benefit costs to be included in asset costs, items ① and ② above shall be included in current profits and losses; item ③ shall be included in other comprehensive benefits and will not be returned to profits and losses during subsequent accounting periods, but these amounts recognized in other comprehensive benefits may be transferred within the equity.

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

- 1) When modifying the defined benefit plan.
- 2) When the enterprise confirms the relevant restructuring costs or dismissal benefits.

Determine a settlement benefit or loss when setting a defined benefit plan settlement.

- (3) Dismissal benefits refer to the compensation given by the Company to the employee to terminate the labor relationship with the employee before the expiration of the labor contract, or to encourage the employee to voluntarily accept the reduction.

If the Company provides dismissal benefits to the employees, the Company shall confirm the liabilities and include in the current profit and loss: when the Company cannot unilaterally withdraw the dismissal benefits due to the termination of labor relationship plan or reduction proposal; when the Company recognizes the costs or expenses related to the restructuring of the dismissal benefits.

- (4) Other long-term employee benefits refer to all employee compensation except short-term compensation, post-resignation benefits and dismissal benefits, including long-term paid absence, long-term disability benefits, long-term profit sharing plan, etc. Other long-term employee benefits provided by the Company to employees that meet the conditions of the deposit plan shall apply to the relevant provisions of the above deposit plan.

Except for the circumstances that meet the conditions for the defined contribution plan, other long-term employee welfare net liabilities or net assets shall be recognized and measured in accordance with the relevant provisions of the defined benefit plan.

At the end of this period, the Company recognizes the employee compensation costs generated by other long-term employee benefits as the following components:

- ① Service cost.

② Net interest on other long-term employee welfare net liabilities or net assets.

③ Re-measure changes in the net liabilities or net assets of other long-term employee benefits.

In order to simplify the relevant accounting treatment, the total net amount of the above items is included in the current profit or loss or related asset costs.

24 . The obligations related to the contingent which meet the following conditions shall be recognized as estimated liabilities:

(1) This obligation is the current obligation of the enterprise;

(2) Performing this obligation is likely to lead to the outflow of economic benefits from the enterprise;

(3) The amount of the obligation can be reliably measured.

The estimated liabilities shall be initially measured at the best estimate of the expenditures required to meet the relevant current obligations.

25 . Share payment

(1) Accounting treatment method of share payment

Share payment is a transaction that grants the equity instruments or assumes the liabilities determined based on the equity instruments for the purpose of obtaining the services provided by the employee or other parties. Share payment is divided into share payment settled by equity and share payment settled in cash.

① Share payments settled by equity

Share payment for equity settlement of services provided by the employee, should be measured at the fair value of the employee equity instrument on the grant date. The amount of the fair value shall be calculated in the relevant costs or expenses on the basis of the best estimate of the waiting period, including the relevant costs or expenses on the grant date and the capital reserve shall be increased accordingly.

On each balance sheet date during the waiting period, the Company makes the best estimate and corrects the estimated number of feasible equity instruments based on the latest subsequent information, including changes in the number of feasible employees. The impact of the above estimate shall be included in the relevant costs or expenses of the current period, and the capital reserves shall be adjusted accordingly.

In exchange for the equity settlement of the fair value of the service can be measured reliably, according to the fair value of the service in the date, if the fair value of the other services cannot be measured reliably, but the fair value of the equity instrument can be measured reliably, according to the fair value of the date of the service, included in the relevant costs or expenses, and increase the shareholders' equity accordingly.

② Payment in shares settled in cash

Share payments settled in cash are measured at the fair value of the liabilities determined on the basis of shares or other equity instruments undertaken by the Company. If the right is available immediately after the grant, increase the liabilities on the grant date and the amount of the right on the basis of the best estimate on the basis of the fair value of the liabilities.

On each balance sheet date and settlement date before the settlement of relevant liabilities, the fair value of the liabilities shall be measured and the changes shall be included in the current profit and loss.

(2) Modify or terminate the relevant accounting treatment of the share payment plan

When the Company changes the share payment plan, if the modification increases the fair value of the granted equity instrument,

the increase in the acquired services shall be recognized according to the increase in the fair value of the equity instrument. The increase in the fair value of the equity instrument is the difference between the fair value of the equity instrument on the date of amendment before and after the amendment. If the amendment reduces the total fair value of share payment or adopts any other way unfavorable to the employee, the accounting for the services obtained shall be deemed to have never occurred unless the Company cancels part or all of the granted equity instruments.

During the waiting period, if the granted equity instrument is cancelled, the Company will treat the cancellation of the granted equity instrument as an accelerated exercise of right, immediately record the amount recognized during the remaining waiting period into the current profit and loss, and recognize the capital reserves. If the employee or other party can choose to meet the non-viable conditions but not within the waiting period, the company will cancel them as the interest granting instrument.

(3) Accounting for share payment transactions involving the Company and shareholders or actual controllers of the Company Where one of the settlement enterprises of the Company and the enterprise receiving services is outside the Company, and one of the other is outside the Company, accounting treatment shall be made in the consolidated financial statements of the Company in accordance with the following provisions:

① If the settlement enterprise settles with its own equity instrument, the share payment transaction shall be treated as share payment for equity settlement; in addition, as share payment for cash settlement.

If the settlement enterprise is an investor of the service enterprise, it shall be recognized as a long-term equity investment in the service enterprise according to the fair value of the equity instrument on the grant date, and the capital reserves (other capital reserves) or liabilities shall be recognized.

② If the service enterprise has no settlement obligation or the employee is its own equity instrument, the share payment transaction shall be treated as the share payment for equity settlement; if the service enterprise has the settlement obligation and is not its own equity instrument, the share payment transaction shall be treated as the share payment for cash settlement.

For the share payment transaction between the enterprises in the Company, and the settlement enterprise is not the same enterprise, the confirmation and measurement of the share payment transaction in the individual financial statements of the service enterprise and the settlement enterprise shall be handled in accordance with the above principles.

26 . Preferred shares, perpetual bonds and other financial instruments

(1) The distinction between perpetual bonds and preferred shares

Financial instruments such as perpetual bonds and preferred shares issued by the Company, which meet the following conditions:

① The financial instrument does not include the contractual obligation to deliver cash or other financial assets to other parties, or to exchange financial assets or financial liabilities with other parties under potentially adverse conditions;

② If the financial instrument is required to be settled, if the financial instrument is not derivative, the contractual obligation of delivering a derivative, the Company can only settle the financial instrument by exchanging a fixed amount of cash or other financial assets in a fixed amount of its own equity instruments.

Except for financial instruments that can be classified as equity instruments under the above conditions, other financial instruments issued by the Company shall be classified as financial liabilities.

If the financial instruments issued by the Company are compound financial instruments, they shall be recognized as a liability according to the fair value of the liability component, and shall be recognized as "other equity instruments" according to the

amount actually received after deducting the fair value of the liability component. The transaction costs incurred in the issuance of compound financial instruments shall be apportioned between the liability components and the equity component according to their respective proportion to the total issuance price.

(2) Accounting methods for perpetual debt and preferred shares, etc

Financial instruments such as perpetual debt or preferred shares, or financial instruments classified as financial liabilities, whose related interest, dividends (or dividends), gains or losses, and gains or losses arising from redemption or refinancing, are included in the current profit and loss, except for the borrowing expenses meeting the capitalization conditions (see Note IV and 18 "borrowing expenses").

For financial instruments such as perpetual bonds and preferred shares classified as equity instruments, upon issuance (including refinancing), repurchase, sale or cancellation, the Company shall be treated as a change in equity, and the relevant transaction costs shall also be deducted from the equity. The Company treats the distribution of the equity instrument holder as a profit distribution.

The Company does not recognize the change in the fair value of the equity instruments.

27 . Revenue

Accounting policies used for revenue recognition and measurement

(1) Revenue recognition principle

When the contract with the customer meets both of the following conditions, revenue is recognized when the customer obtains control of the relevant goods:

- ① The parties have approved the contract and undertake to perform their respective obligations;
- ② The contract specifies the rights and obligations of the parties related to the transfer of the goods or services provided;
- ③ The contract has a clear payment clause related to the transferred goods;
- ④ The contract has commercial substance, that is, the performance of the contract will change the risk, time distribution or amount of the Company's future cash flow;
- ⑤ A consideration entitled to for the transfer of goods to a customer is likely to be recovered.

Assess the contract on the start date of the contract, identify the individual performance obligations contained in the contract, and share the transaction price to each individual performance obligation in relative proportion to the individual selling price of the goods promised by each individual performance obligation. The influence of variable consideration, significant financing components existing in the contract, non-cash consideration, payable customer consideration and other factors are considered in determining the transaction price. Then determine whether the individual performance obligation should be performed within a certain period or at a certain point, and recognize the income respectively when performing each individual performance obligation.

If one of the following conditions is met, it shall be performed within a certain period; otherwise, or at a certain point:

- 1) The customer obtains and consumes the economic benefits brought by the enterprise's performance at the same time;
- 2) Customers can control the goods under construction during the performance process of the enterprise;
- 3) The commodities produced by the enterprise during the performance of the contract have irreplaceable purposes, and the enterprise has the right to collect money for the accumulated performance that has been completed during the whole contract

period.

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

If one of the above conditions is not met, the revenue will be apportioned to the transaction price of the individual performance obligation at the point when the customer obtains control of the relevant goods. When determining whether the customer has acquired control of the commodity:

<1> The enterprise has the right to current payment for the goods, that is, the customer has the obligation of current payment for the goods;

<2> The enterprise has transferred the legal ownership of the commodity to the customer, that is, the customer has the legal ownership of the commodity;

<3> The enterprise has transferred the product to the customer, that is, the customer has the physical possession of the commodity;

<4> The enterprise has transferred the main risks and remuneration in the ownership of the commodity to the customer, that is, the customer has acquired the main risks and remuneration in the ownership of the commodity;

<5> The customer has accepted the item;

<6> Other indications that the customer has acquired control of the goods.

(2) Methods of revenue recognition used by the Company

① Revenue recognized by the Company at a point in time in the control over assets

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

Most of the Company's long-line fishing utensil and fishing goods will be transported back to China for sale. Sales contracts and settlement contracts will be used as the basis. The Company recognizes the change of ownership based on the date of settlement contracts and then recognizes revenue accordingly.

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

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

② Revenue recognized by the Company by performance period:

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

28 . Contract acquisition cost and contract performance cost

(1) Method of determining the amount of assets related to the contract cost

The assets related to the contract costs include the contract acquisition costs and the contract performance costs.

Contract acquisition cost, that is, if the incremental cost incurred in the contract acquisition is expected to be recovered, it is recognized as an asset as the cost of contract acquisition. Incremental cost refers to the cost that will not occur without obtaining a contract (such as sales commission, etc.). If the amortization period of the asset does not exceed one year, it may be recorded into the current profit and loss at the time of occurrence.

Other expenses incurred in the Company to obtain the Contract in addition to the incremental cost expected to be recovered (e.g. travel expenses, bid expenses, bid expenses, and related expenses incurred in preparing the bid materials) shall be recorded in the current profits and losses upon occurrence, unless these expenses are clearly borne by the customer.

Contract performance cost, that is, the cost incurred in the performance of the contract, which does not fall within the scope of other accounting standards for enterprises other than the Accounting Standards for Business Enterprises No.14-Revenue (2017 Revision) and meets the following conditions, is recognized as the contract performance cost as an asset:

- ① This cost is directly related to a current or expected acquired contract, including direct labor, direct materials, manufacturing costs (or similar costs), costs clearly borne by the Customer, and other costs incurred only because of the Contract;
- ② This cost increases the future resources of the enterprise to fulfill its performance obligations;
- ③ This cost is expected to be recoverable.

(2) Amortization of assets related to the contract costs

Assets related to the contract cost are amortized on the same basis as the recognition of the asset and recorded into the current profit and loss.

(3) Impairment of assets relating to the contract costs

When determining the impairment of assets related to the contract cost, firstly determine the impairment loss of other assets recognized in accordance with other relevant business accounting standards; Then, if the book value is higher than the difference of Item ① minus Item ②, the excess part shall be deducted and recognized as the asset impairment loss:

- ① The remaining consideration expected to obtain due to the transfer of the goods related to the asset;
- ② Estimated estimated for the transfer of the related goods.

During the period before the impairment factors after changes, make the enterprise after the item ① minus the ② of the difference higher than the asset book value, back to the original asset impairment provision, and included in the current profits and losses, but the book value of the assets should not exceed the assumed not provision for impairment of the assets in the book value.

29 . Governmental subsidy

(1) A lease is a contract in which the Company has transferred or acquired the right to control one or more use of identified assets for a certain period in exchange for or pay consideration. On the commencement date of a contract, the Company evaluates whether the contract is a lease or contains a lease.

(2) Judgment basis of government subsidies and accounting treatment methods related to assets

The government subsidies related to assets refers to the government subsidies obtained by the Company for purchase and

construction or otherwise forming long-term assets.

Government subsidies related to assets shall be recognized as deferred income. Where government subsidies related to assets are recognized as deferred income, they shall be recorded into profits and losses in reasonable and systematic ways within the service life of the relevant assets. The government subsidies measured in accordance with the nominal amount shall be directly recorded into the current profit and loss.

If the relevant assets are sold, transferred, scrapped or damaged before the end of their service life, the undistributed balance of the relevant deferred income shall be transferred into the profit and loss of the current period of asset disposal.

The government subsidies related to the daily activities of the Company shall be included in other profits according to the essence of the economic business. The government subsidies unrelated to the daily activities of the Company shall be included in the non-operating income and expenditure.

(3) The judgment basis and accounting treatment method of government subsidies related to income

Revenue-related government subsidies refer to government subsidies other than those related to assets.

For the government subsidies of comprehensive projects, the Company needs to be decomposed into asset-related parts and earnings-related parts for accounting treatment separately; if it is difficult to distinguish, it shall be classified as government subsidies related to income.

If government subsidies related to earnings are used to compensate the related expenses or losses of the enterprise in the future period, they shall be recognized as deferred income and included in the current profits and losses in the related costs or losses in the period to compensate the related expenses or losses incurred by the enterprise, which shall be directly recorded in the current profits and losses.

The government subsidies related to the daily activities of the Company shall be included in other profits according to the essence of the economic business. The government subsidies unrelated to the daily activities of the Company shall be included in the non-operating income and expenditure.

(4) The time of recognition of government subsidies

Where the government subsidies are monetary assets, they shall be measured at the amount received. The government subsidy, measured according to the receivable amount, shall be confirmed at the end of the period by meeting the relevant conditions of the financial support policy, if the government subsidy is non-monetary assets, the government subsidy shall be confirmed according to the ownership risk and remuneration transfer of the non-monetary assets. Where non-monetary assets shall be measured at fair value; if the fair value cannot be obtained reliably, they shall be measured at nominal amount.

When the recognized government subsidies need to be returned, if there is a balance of relevant deferred income, the book balance of relevant deferred income shall be written down, and the excess part shall be included into the current profit and loss; if there is no relevant deferred income, it shall be directly recorded in the current profit and loss.

30 . Deferred tax assets/deferred tax liabilities

Income tax is accounted by the balance sheet debt method. On the balance sheet date, analyze and compare the book value of assets and liabilities and their tax basis. If there is a difference between the two, recognize the deferred income tax assets, deferred income tax liabilities and the corresponding deferred income tax expenses (or earnings). On the basis of the calculation and determination of the current income tax (i. e., income tax payable for the current period) and deferred income tax expenses (or income), the sum of the two is recognized as the income tax expenses (or income) in the income statement, but excluding the income tax impact of transactions or matters directly included in the owner's equity.

Review the book value of deferred income tax assets. If it is likely that insufficient taxable income amount may be obtained to

offset the benefits of the deferred income tax assets, the book value of the deferred income tax assets shall be written down.

31 . Lease

A lease is a contract in which the Company has transferred or acquired the right to control one or more use of identified assets for a certain period in exchange for or pay consideration. On the commencement date of a contract, the Company evaluates whether the contract is a lease or contains a lease.

(1) The Company acts as lessee

The categories of leased assets of the Company are mainly office buildings and cold storage.

① Initial measurement

On the beginning date of the lease term, the Company shall recognize the right to use the lease assets as the use right assets during the lease term, and recognize the present value of the outstanding lease payment as lease liabilities, except for short-term lease and low-value asset lease. When calculating the present value of the lease payment, the Company uses the lease interest rate as the discount rate; if the lease interest rate cannot be determined, the lessee incremental borrowing rate shall be used as the discount rate.

② Follow-up measurement

If the company can reasonably determine the ownership of the leased assets at the time of the expiration of the lease term, the depreciation shall be withdrawn within the remaining useful life of the leased assets. If it is impossible to reasonably determine that the ownership of the lease asset can be acquired at the expiration of the lease term, the depreciation shall be deducted within the shorter period of the lease term and the remaining service life of the leased asset.

See Note IV and 20 "Long-term asset impairment" for the impairment test method and impairment provision method of the use assets.

For the lease liabilities, the Company shall calculate the interest expenses for each period during the lease term at the fixed periodic interest rate, which is included in the current profit and loss or the relevant asset costs. Variable lease payments not included in the measurement of lease liabilities are recorded into current profit and loss or related asset costs upon actual occurrence.

After the start of the lease term, when the substantial fixed payment changes, the expected payable amount changes, the index or ratio used to determine the lease payment changes, the purchase option, the renewal option, or the actual exercise situation changes, the lease payment, and adjust the book value of the use assets accordingly. If the book value of the use right assets has been reduced to zero, but the lease liabilities still need to be further reduced, the remaining amount shall be included in the current profit and loss.

③ Short-term lease and low-value asset leasing

For short-term lease (in the lease start day lease not more than 12 months) and low value asset lease, the company to simplify processing method, do not confirm the use of assets and lease liabilities, and during the lease period according to the line method or other system reasonable lease payments into the relevant asset cost or current profit and loss.

④ Lease obligation

On the beginning date of the lease term, the Company recognizes the present value of the outstanding lease payment as a lease

liability. When calculating the present value of the lease payment, the lease interest rate shall be used as the discount rate. If the interest rate of the lease cannot be determined, the company's incremental borrowing rate shall be used as the discount rate. The difference between the lease payment and its present value shall be regarded as the unidentified financing fee, and the interest expense shall be recognized during the lease period at the discount rate of the present value of the lease payment and included in the current profit and loss. Variable lease payments not included in the measurement of lease liabilities shall be recorded into the current profit and loss upon actual occurrence.

After the commencement of the lease term, when the substantially fixed payment amount changes, the expected payable amount changes, the index or ratio of the lease payment amount changes, the result of the assessment or the change of the lease payment amount, if the book value of the asset has been reduced to zero, but the lease liabilities still need to be further reduced, the remaining amount shall be included in the current profit and loss.

(2) The Company acts as lessor

On the commencement date of the lease, the Company divides the lease into financial lease and operating lease based on the substance of the transaction. A finance lease is a lease that substantially transfers almost all of the risks and rewards associated with the ownership of the leased assets. Operating lease refers to a lease other than a financial lease.

① Operating lease

The Company adopts the straight-line method to confirm the lease collection amount of the operating lease as the rental income of each period during the lease term. Variable lease payments related to the operating lease and not included in the lease collection amount shall be included in the current profit and loss upon actual occurrence.

② The Company's revenue applicable to the lease standards

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

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

32 . Other Important Accounting Policies and Accounting Estimations

(1) Production safety expenditures

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

(2) Debt restructuring

When the Company participates in the debt restructuring as a creditor, and pays off the debt with assets or turns the debt into equity instruments for debt restructuring, it shall be confirmed when the relevant assets meet its definition and confirmation

conditions. If the debt-offset assets are financial assets, see Note IV, 10 and financial instruments; if the debt-offset assets are non-financial assets, the initial measured amount is the sum of the fair value of the waived claims and other directly attributable costs. The difference between the fair value of the abandoned claim and the book value shall be included in the current profit and loss. If the debt is restructured by means of modifying other terms, the Company shall, according to the substantive modification of the contract, judge whether the original creditor's right to terminate the confirmation, and confirm a new creditor's right according to the revised terms, or recalculate the book balance of the creditor's right.

When the company participates in debt restructuring, debt restructuring with assets or converting debt into equity instruments, terminate the relevant assets and the liquidated liabilities meet the conditions for termination of confirmation, and measure the fair value of the equity instruments (according to the fair value of the liquidated debt when the fair value cannot be estimated reliably). The difference between the book value of the paid debts and the book value of the transferred assets (or the recognized amount of the equity instruments) shall be recorded in the current profit and loss.

If the debt is restructured by modifying other terms, the Company shall, according to the substantive modification of the contract, confirm a new debt in accordance with the revised terms, or recalculate the book balance of the debt. For the exemption of the debt restructuring, the recognition can only be terminated if the Company no longer have the current obligation to repay the debt restructuring.

33 . Changes in significant accounting policies and accounting estimates

(1) Important accounting policy changes

Since 2023, the Company has implemented the provisions of the Interpretation of Accounting Standards for Business Enterprises No.16 issued by the Ministry of Finance, "The deferred income tax related to assets and liabilities arising from single transactions does not apply to the accounting treatment of initial recognition exemption"

he Company shall, starting from 2023, implement the accounting treatment of the initial recognition exemption of deferred income tax on the assets and liabilities arising from individual transactions issued by the Ministry of Finance. For the lease liabilities and use right assets recognized at the beginning of the earliest period of the first presentation of the financial statements, subject to the proposed provisions, and the provisions of the Accounting Standards for Business Enterprises and other relevant financial statements items during the earliest period. This change in the accounting policy has no impact on the company's financial statements.

34 . Significant accounting judgments and estimates

In the process of applying accounting policies, the company, due to the internal uncertainty of business activities, needs to judge, estimate and assume the book value of the statement items that cannot be accurately measured. These judgments, estimates and assumptions are based on the past history of the company's management and on considering other relevant factors. These judgments, estimates and assumptions affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities on the balance sheet date. However, the actual results of the uncertainty of these estimates may differ from the current estimates of the Company's management, which in turn results in a significant adjustment of the carrying amount of the assets or liabilities affected in the future.

The Company shall periodically review the aforementioned judgments, estimates and assumptions on the basis of the change, the accounting estimates shall be confirmed in the current period; and the current period, the impact shall be confirmed in the current period and the future period.

On the balance sheet date, the Company shall judge, estimate and assume the amount of the financial statement as follows:

(1) Revenue recognition

As stated in Note IV, 27, "revenue", the following significant accounting judgments and estimates are involved in terms of

revenue recognition:

Estimating the recovery of the consideration entitled to for the transfer of goods to the Customer:

Enterprises mainly rely on past experience and work to make judgments, these major judgments and estimated changes may have an impact on the operating income, operating costs, and profit and loss during the period of the change, and may constitute a significant impact.

(2) Significant accounting judgments and estimates related to leasing

① Identification of leases

When identifying whether a contract is a lease or includes a lease, the Company needs to evaluate whether an identified asset exists, and the Client controls the right to use the asset for a certain period. In the appraisal, the nature of the asset, the material replacement right, and whether the client is entitled to almost all the financial benefits arising from using the asset during the period and to dominate the use of the asset are considered.

② Classification of leases

When the Company, as a lessor, classifies the lease into operating lease and financial lease. In the classification, the management needs to make an analysis and judgment on whether all the risks and rewards related to the ownership of the leased assets have been substantially transferred to the lessee.

③ Lease obligation

When the Company is the lessee, the lease liabilities are initially measured at the present value of the lease payments outstanding on the beginning date of the lease term. When measuring the present value of the lease payment, the Company estimates the discount rate used and the lease term of the lease contract with a renewal option or termination option. In evaluating the lease term, the Company considers all relevant facts and circumstances related to the economic benefits of exercising the option, including the expected changes in the facts and circumstances between the beginning of the lease term and the exercise date of the option. Different judgments and estimates may affect the recognition of lease liabilities and tenure assets, and will affect the profits and losses of the subsequent period.

(3) Impairment of financial instruments

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

(4) Reserve for inventory depreciation

According to the inventory accounting policy, the company measures the lower cost and the net realizable value, and sets aside the inventory depreciation provision for the cost that is higher than the net realizable value and the old and unsalable inventory. The impairment of inventory to net realizable value is based on the sale of inventory and its net realizable value. The appraisal of inventory impairment requires the management to make a judgment and estimate on the basis of obtaining conclusive evidence and considering the purpose of holding the inventory and the impact of matters after the balance sheet date. The difference between the actual result and the original estimate will affect the withdrawal or reversal of the book value of the inventory and the inventory depreciation provision during the estimated change period.

(5) Fair value of the financial instruments

For financial instruments that do not have an active trading market, the Company determines its fair value through various valuation methods. These valuation methods include discounted cash flow model analysis, etc. At the valuation, the Company estimates the future cash flow, credit risk, market volatility and correlation, and selects the appropriate discount rate. These relevant assumptions are uncertain, and their changes can have an impact on the fair value of the financial instruments.

(6) Long-term asset impairment provision

On the balance sheet date, the Company judged the possible impairment of non-current assets except the financial assets. For the intangible assets with uncertain service life, in addition to the annual impairment test, the impairment test is also conducted when there are signs of impairment. Other non-current assets other than financial assets shall be tested for impairment when there is evidence that their book amount is not recoverable.

When the book value of an asset or asset group is higher than the recoverable amount, that is, the net value minus the disposal expense and the present value of the expected future cash flow, the impairment has occurred.

The net fair value minus the disposal expense is determined by referring to the sales agreement price of a similar asset in fair trading or the observable market price, minus the incremental cost that may be directly attributable to the disposal of the asset. When predicting the present value of future cash flows, it is necessary to make significant judgments on the output, selling price, related operating costs and the discount rate used in calculating the present value. In estimating the recoverable amount, the Company will use all relevant information available, including projections of production, selling prices and associated operating costs based on reasonable and supportive assumptions.

(7) Depreciation and amortization

After considering the residual value of the investment real estate, fixed assets and intangible assets, the Company shall make depreciation and amortization according to the straight-line method. The Company periodically reviews the service life to determine the amount of depreciation and amortization expense that will be included in each reporting period. The service life is determined by the Company based on past experience with similar assets and combined with expected technical updates. If previous estimates have changed significantly, depreciation and amortization charges will be adjusted in the future period.

(8) Deferred income tax assets

Within the limits of potentially sufficient taxable profits to offset losses, the Company recognizes deferred income tax assets for all unused tax losses. This requires the management of the company to use a lot of judgment to estimate the time and amount of future taxable profits, and combine the tax planning strategy to determine the amount of deferred income tax assets that should be recognized.

(9) Income tax

In the normal business activities of the company, there are some uncertainties in the final tax treatment and calculation of some transactions. Whether some items can be itemized before tax requires the examination and approval of the competent tax authorities. If the final determination of these tax matters varies from the original estimated amount, the difference will affect the current income tax and deferred income tax during the final determination period.

(10) Internal retirement benefits and supplementary retirement benefits

The amount of the company's internal retirement benefits and supplementary retirement benefits expenses and liabilities is

determined according to various assumptions. These assumptions include the discount rate, the average growth rate of medical expenses, the growth rate of subsidies for retired and retired personnel, and other factors. Differences in actual results and assumptions will be immediately recognized and charged for the current year. Although the management believes that reasonable assumptions have been adopted, the change in the actual experience value and the assumptions will still affect the expenses and liabilities of the Company's internal retirement benefits and supplementary retirement benefits.

35 . Other major accounting policies, accounting estimates and methods of preparing financial statements

- ① This component can generate income and incurred expenses in daily activities;
- ② The management of the enterprise can regularly evaluate the operating results of this component, so as
- ③ The enterprise can obtain the financial position, operating results and cash flow of the component.

V. Tax

1. Main taxes and tax rates

<u>Tax</u>	<u>Taxation base</u>	<u>Tax rate</u>
VAT	Output tax minus the deductible input tax	13%, 9%, 6%, 5%, exempted
Urban maintenance & construction tax	Circulation tax amount payable	7%
Business income taxes	taxable income	Exempted, 25%, 20%, 8%

Explanation of enterprise income tax rate for tax entities with different rates

<u>Name of tax entity</u>	<u>Income tax rate</u>
Shandong Zhonglu Oceanic Fisheries Co., LTD	Pelagic fishing is exempted, the rest will be taxed at 25%
Shandong Zhonglu Haiyan Oceanic Fisheries Co., LTD	exempted
AFRICA STAR FISHERIES LIMITED	According to the local regulations of Ghana, the export part is taxed at 8%, and the domestic part is taxed at 25%
HABITAT INTERNATIONAL CORPORATION	exempted
LAIF FISHERIES CO.LTD	25%
ZHONG GHA FOODS COMP ANY LIMITED	25%
Shandong Zhonglu Aquatic Marine Co., LTD	20%
Shandong Zhonglu Oceanic Refrigeration Co., LTD	The part of the aquatic product processing industry is exempted, and other parts are 25%
Shandong Zhonglu Oceanic (Yantai) Food Co., LTD	The part of the aquatic product processing industry is exempted, and other parts are 25%
Zhonglu Oceanic (Qingdao) Industrial Investment and Development Co., LTD	25%

2. Tax preference

Tax Preferences and Approval Documents

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

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

According to the enterprise income tax law of the People's Republic of China (the President of the People's Republic of China order no. 63), the State Council of the People's Republic of China order no. 512, the implementation of the law of the People's Republic of China, the Ministry of Finance, state administration of taxation on enjoy preferential policies of enterprise income tax of agricultural products (try out) notice (tax [2008] no. 149), the Ministry of Finance, the state administration of taxation on enjoy preferential enterprise income tax of agricultural products about the scope of supplementary notice (Fiscal and Taxation [2011] No.26) and the relevant provisions of the Announcement of the State Administration of Taxation on the Implementation of Preferential Enterprise Income Tax Treatment for Agriculture, Forestry, Animal Husbandry and Fishery Projects (Announcement of the State Administration of Taxation No.48,2011), The company carries out the primary processing of agricultural products and the entrusted primary processing of agricultural products, The processing fees it charges, Can be handled according to the duty-free items of the primary processing of agricultural products. The company engaged in ocean fishing business and primary processing of agricultural products income is exempted from enterprise income tax. The income obtained from the company except ocean fishing and primary processing of agricultural products shall be paid at the rate of 25%. According to the announcement of the Ministry of Finance and the State Administration of Taxation on further implementing the preferential income tax policies for small and micro enterprises (Announcement No. 13 of 2022 of the Ministry of Finance and the State Administration of Taxation) and the announcement on the preferential income tax policies for small and micro enterprises and individual industrial and commercial households (Announcement No. 6 of 2023 of the Ministry of Finance and the State Administration of Taxation), the part of the annual taxable income not exceeding 1 million yuan shall be included in the taxable income at a reduced rate of 25%, and the taxable income shall be included at 20% For the part of the annual taxable income exceeding 1 million yuan but not exceeding 3 million yuan, it will be included in the taxable income at a reduced rate of 25%, and the enterprise income tax shall be paid at a rate of 20%, and the subsidiary Shandong Zhonglu Aquatic Products Shipping Co., Ltd. shall apply the tax preference.

VI. Notes to the key items in the consolidated financial statements

(The following items (including the main items in the financial statements of the parent Company) Unless specifically noted, "beginning" means January 1,2023, "end" means December 31,2023, "previous end" means December 31,2022, "Current" means 2023, and "previous" means 2022.)

1. Cash at bank and on hand

<u>Item</u>	<u>Ending Balance</u>	<u>Initial Balance</u>
Cash on hand	8,419,757.05	2,325,815.71
Cash at bank	234,707,665.98	224,938,526.60
Other monetary funds	<u>19,000,000.00</u>	=
Total	<u>262,127,423.03</u>	<u>227,264,342.31</u>
Including: the total balance deposited overseas	73,953,963.38	39,621,432.70
The total amount of funds that have restrictions on use due to mortgages, pledges, or freezes	19,000,000.00	-

Note: Overseas deposits are cash and bank deposits of foreign subsidiaries; other monetary funds are paper margin.

2. Notes receivable

Notes receivable that have been endorsed or discounted by our company at the end of the period and have not yet matured on the balance sheet date.

<u>Item</u>	<u>Ending Balance</u>	<u>Initial Balance</u>
Bank acceptance bills	10,000,000.00	=
total	<u>10,000,000.00</u>	=

3. Accounts receivable

(1) Accounts receivable by aging

<u>Aging</u>	<u>Ending book balance</u>	<u>Opening book balance</u>
Within 6 months	49,740,127.31	60,810,015.72
6 months-1 years	673,357.14	44,911.41
1-2 years	801,390.66	8,063.83
2-3 years	7,772.15	36,183.87
More than 3 years	<u>6,518,472.25</u>	<u>6,530,131.36</u>
Total	<u>57,741,119.51</u>	<u>67,429,306.19</u>

(2) Accounts receivable by provision method for allowance credit losses

<u>Item</u>	<u>Ending Balance</u>				
	Book Balance	PCT (%)	Allowance for credit losses	PCT	Carrying amount
Individually assessment subject to allowance for credit losses	-	-	-	-	-
Grouping assessment subject to allowance for credit losses	<u>57,741,119.51</u>	<u>100.00%</u>	<u>9,317,114.60</u>	<u>16.14%</u>	<u>48,424,004.91</u>
Total	<u>57,741,119.51</u>	<u>100.00%</u>	<u>9,317,114.60</u>	<u>16.14%</u>	<u>48,424,004.91</u>

(Continued)

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

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

<u>Item</u>	<u>Ending Balance</u>		
	Balance	Allowance for credit losses	PCT
Within 6 months	49,740,127.31	2,487,003.36	5.00%
6 months-1 years	673,357.14	67,335.71	10.00%
1-2 years	801,390.66	240,417.20	30.00%
2-3 years	7,772.15	3,886.08	50.00%
More than 3 years	<u>6,518,472.25</u>	<u>6,518,472.25</u>	<u>100.00%</u>
Total	<u>57,741,119.51</u>	<u>9,317,114.60</u>	

(Continued)

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

(3) Allowance for credit losses

Item	Initial Balance	Amount of change in the current period				Ending Balance
		Provision	Recovery or reversal	Write off	Exchange impact	
Grouping assessment subject to allowance for credit losses	9,595,634.36	-236,791.90		43,423.00	1,695.14	9,317,114.60
Total	<u>9,595,634.36</u>	<u>-236,791.90</u>		<u>43,423.00</u>	<u>1,695.14</u>	<u>9,317,114.60</u>

(4) Accounts receivable due from the top five debtors of the Company are as follows:

Company name	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivable and contract assets	Proportion of the total amount	Ending balance of allowance for doubtful accounts
A	16,919,874.00		16,919,874.00	29.30%	845,993.70
B	5,323,670.22		5,323,670.22	9.22%	266,183.51
C	2,539,481.94		2,539,481.94	4.40%	126,974.10
D	2,426,266.14		2,426,266.14	4.20%	146,362.19
E	<u>2,083,993.53</u>		<u>2,083,993.53</u>	<u>3.61%</u>	<u>104,199.68</u>
Total	<u>29,293,285.83</u>	=	<u>29,293,285.83</u>	<u>50.73%</u>	<u>1,489,713.18</u>

4. Prepayments

(1) Aging analysis of prepayments

Aging	Ending Balance		Initial Balance	
	Balance	PCT	Balance	PCT
Within 1 year	25,903,548.53	99.14%	25,486,029.47	94.88%
1-2 years	223,428.22	0.86%	1,374,021.19	5.12%
2-3 years				
More than 3 years				
Total	<u>26,126,976.75</u>	<u>100.00%</u>	<u>26,860,050.66</u>	<u>100.00%</u>

(2) The top five prepayments are as follows

Company name	Relationship with the company	Ending balance	Proportion of total amount	Advance payment time	Reason for the failure of settlement
A	unrelated party	13,541,737.50	51.83%	2023 Annual	Unfinished

Full text of the annual report of 2023, Shandong Zhonglu Oceanic Fisheries Co., Ltd.

<u>Company name</u>	<u>Relationship with the company</u>	<u>Ending balance</u>	<u>Proportion of total amount</u>	<u>Advance payment time</u>	<u>Reason for the failure of settlement</u>
B	unrelated party	2,390,142.04	9.15%	2023Annual	Billing period not yet reached
C	unrelated party	1,536,191.45	5.88%	2023Annual	Billing period not yet reached
D	unrelated party	968,803.30	3.71%	2023Annual	Billing period not yet reached
E	unrelated party	770,887.50	2.95%	2023Annual	Billing period not yet reached
Total		<u>19,207,761.79</u>	<u>73.52%</u>		

5. Other receivables

<u>Item</u>	<u>Ending Balance</u>	<u>Initial Balance</u>
Interest receivable	-	-
Dividends receivable	-	-
Other receivables	<u>6,596,879.89</u>	<u>5,562,546.59</u>
Total	<u>6,596,879.89</u>	<u>5,562,546.59</u>

Other receivables

① Aging of other receivables

<u>Aging</u>	<u>Ending book balance</u>	<u>Opening book balance</u>
Within 6 months	5,754,947.11	4,597,586.29
6 months-1 years	558,050.83	996,717.31
1-2 years	821,558.10	188,086.06
2-3 years	104,687.79	332,267.80
More than 3 years	<u>4,608,407.31</u>	<u>4,338,281.94</u>
Total	<u>11,847,651.14</u>	<u>10,452,939.40</u>

② Category of other receivables by nature

<u>Nature</u>	<u>Ending book balance</u>	<u>Opening book balance</u>
Guarantee deposit	1,114,033.05	605,619.95
Current account and others	<u>10,733,618.09</u>	<u>9,847,319.45</u>
Total	<u>11,847,651.14</u>	<u>10,452,939.40</u>

③ Classified disclosure by bad debt provision method

<u>category</u>	<u>Ending Balance</u>				
	<u>Book balance</u>	<u>proportion</u>	<u>Bad debt provision</u>	<u>Provision ratio</u>	<u>book value</u>
Provision for bad debts based on individual items					
Provision for bad debts by combination	<u>11,847,651.14</u>	<u>100.00%</u>	<u>5,250,771.25</u>	<u>44.32%</u>	<u>6,596,879.89</u>

category	Ending Balance				
	Book balance	proportion	Bad debt provision	Provision ratio	book value
Total	<u>11,847,651.14</u>	<u>100.00%</u>	<u>5,250,771.25</u>	<u>44.32%</u>	<u>6,596,879.89</u>

(Continued)

category	Initial Balance				
	Book balance	proportion	Bad debt provision	Provision ratio	book value
Provision for bad debts based on individual items					
Provision for bad debts by combination	<u>10,452,939.40</u>	<u>100.00%</u>	<u>4,890,392.81</u>	<u>46.78%</u>	<u>5,562,546.59</u>
total	<u>10,452,939.40</u>	<u>100.00%</u>	<u>4,890,392.81</u>	<u>46.78%</u>	<u>5,562,546.59</u>

1) Provision for bad debts by combination:

Combination provision item: aging combination

Aging of accounts	Ending Balance		
	Book balance	Bad debt provision	Provision ratio
Within 6 months	5,754,947.11	287,747.37	5.00%
6 months-1 years	558,050.83	55,805.08	10.00%
1-2 years	821,558.10	246,467.52	30.00%
2-3 years	104,687.79	52,343.97	50.00%
More than 3 years	<u>4,608,407.31</u>	<u>4,608,407.31</u>	<u>100.00%</u>
Total	<u>11,847,651.14</u>	<u>5,250,771.25</u>	

(Continued)

Aging of accounts	Initial Balance		
	Book balance	Bad debt provision	Provision ratio
Within 6 months	4,597,586.27	229,879.38	5.00%
6 months-1 years	996,717.31	99,671.74	10.00%
1-2 years	188,086.06	56,425.83	30.00%
2-3 years	332,267.80	166,133.91	50.00%
More than 3 years	<u>4,338,281.96</u>	<u>4,338,281.95</u>	<u>100.00%</u>
Total	<u>10,452,939.40</u>	<u>4,890,392.81</u>	

④ The provision of allowance for credit losses

The allowance for credit losses	Stage one	Stage two	Stage three	Total
	<u>12-month ECL</u>	<u>Lifetime ECL</u> (credit-unimpaired)	<u>Lifetime ECL</u> (credit-impaired)	
Beginning balance	552,110.86		4,338,281.95	4,890,392.81
Revaluation of beginning balance				
Provision	91,035.98		270,125.36	361,161.34
Reversal				
Charge-off				-
Write-off	6,445.11			6,445.11
Exchange impact	5,662.21			5,662.21
Total	642,363.94	-	4,608,407.31	5,250,771.25

⑤ Other receivables due from the top five debtors are as follows:

<u>Company name</u>	<u>Nature of the fund</u>	<u>Ending balance</u>	<u>Aging</u>	<u>Proportion in the total amount</u>	<u>Ending balance of allowance for doubtful accounts</u>
A	Custody fee	1,800,000.00	Within 6 months	15.19%	90,000.00
B	Margin	491,562.50	Within 6 months	4.15%	24,578.13
C	Margin	354,135.00	Within 1 year	2.99%	104,300.50
D	loan	317,224.57	Within 6 months	2.68%	15,861.23
E	Payment on behalf	<u>281,057.05</u>	2-3 years	2.37%	<u>14,052.85</u>
Total		<u>3,243,979.12</u>		<u>27.38%</u>	<u>248,792.71</u>

6. Inventories

(1) Inventories by categories

<u>Item</u>	<u>Ending Balance</u>			<u>Initial Balance</u>		
	<u>Book balance</u>	<u>Provision for diminution in value or impairment provision for costs to fulfil contracts</u>	<u>Carrying amount</u>	<u>Book balance</u>	<u>Provision for diminution in value or impairment provision for costs to fulfil contracts</u>	<u>Carrying amount</u>
Raw materials	171,115,003.44	5,163,639.14	165,951,364.30	161,964,426.73	4,070,413.82	157,894,012.91
Low-value consumables	525,444.02		525,444.02	595,249.07		595,249.07
Commodities	393,062,301.96	72,374,497.28	320,687,804.68	315,997,100.12	54,150,416.89	261,846,683.23
Revolving materials	1,026,078.89		1,026,078.89	1,109,413.83		1,109,413.83
Costs to fulfil contracts	7,508,843.24		7,508,843.24	3,416,444.22		3,416,444.22
Inventories in transit	=		=	<u>5,304,761.22</u>	<u>4,041,291.15</u>	<u>1,263,470.07</u>
Total	<u>573,237,671.55</u>	<u>77,538,136.42</u>	<u>495,699,535.13</u>	<u>488,387,395.19</u>	<u>62,262,121.86</u>	<u>426,125,273.33</u>

(2) Provision for diminution in value of inventories and impairment of costs to fulfil contracts

<u>Item</u>	<u>Initial Balance</u>	<u>Additions during the year</u>		<u>Reductions during the year</u>		<u>Ending Balance</u>
		<u>Provision</u>	<u>Other</u>	<u>Reversal or write-down</u>	<u>Exchange impact</u>	
Raw materials	4,070,413.82	4,271,993.76		3,178,768.44		5,163,639.14
Commodities	54,150,416.89	63,288,748.89		45,064,668.50	-	72,374,497.28
Inventories in transit	<u>4,041,291.15</u>	=		<u>4,041,291.15</u>	=	=
Total	<u>62,262,121.86</u>	<u>67,560,742.65</u>	=	<u>52,284,728.09</u>	=	<u>77,538,136.42</u>

7. Other current assets

<u>Item</u>	<u>Ending Balance</u>	<u>Initial Balance</u>
Input tax to be deducted	14,255,448.40	10,392,999.68
Prepaid income tax	117,102.08	374,592.16
Prepaid other taxes	<u>12,419.16</u>	<u>23,854.27</u>
Total	<u>14,384,969.64</u>	<u>10,791,446.11</u>

8. Long-term equity investments

Item	Initial Balance	Change in the current year				
		Additional investment	Reduce investment	Investment gains and losses	Other comprehensive income	Other changes in equity
Ji Nan Qin Zhen Food Technology Co., Ltd.	1,983,923.48	-	-	-569,892.16		
Total	<u>1,983,923.48</u>	=	=	<u>-569,892.16</u>		

(Continued)

Item	Change in the current year			Ending Balance	Impairment reserve ending balance
	Declare a cash dividend or profit	Provision for impairment	Other		
Ji Nan Qin Zhen Food Technology Co., Ltd.				1,414,031.32	
Total				<u>1,414,031.32</u>	

9. Investment property

Investment property measured by cost

Item	Buildings	Total
① Cost		
Initial Balance	51,308,578.35	51,308,578.35
Additions	-	-
Reductions	-	-
Ending Balance	51,308,578.35	51,308,578.35
② Accumulated depreciation or amortization		
Initial Balance	21,639,210.22	21,639,210.22
Additions	1,326,076.68	1,326,076.68
Including: Depreciation or amortization	1,326,076.68	1,326,076.68
Reductions	-	-
Including: Disposition	-	-
Ending Balance	22,965,286.90	22,965,286.90
③ Provision for impairment		
Initial Balance	886,512.06	886,512.06
Additions	-	-
Reductions	-	-
Ending Balance	886,512.06	886,512.06
④ Carrying amount		
Ending Balance	27,456,779.39	27,456,779.39
Initial Balance	28,782,856.07	28,782,856.07

10. Fixed assets

Category	Ending Balance	Initial Balance
Fixed assets	1,019,386,437.83	630,970,963.32
Disposal of fixed assets		

Category	Ending Balance	Initial Balance
Total	<u>1,019,386,437.83</u>	<u>630,970,963.32</u>

① Movement of fixed assets

Item	Buildings	Boats & nets	Machinery & equipment	Transportation vehicles	Furniture and office equipment	Total
Cost						
Initial Balance	196,047,378.12	741,147,928.30	63,509,105.74	9,548,435.79	12,066,534.30	1,022,319,382.25
Additions	18,600.75	461,748,548.76	347,337.84	742,642.85	300,152.36	463,157,282.56
Including: Purchase	-	32,493,400.89	344,646.00	672,330.01	285,463.70	33,795,840.60
Transfer from construction in process	-	421,177,103.21	-	-	-	421,177,103.21
Impact of exchange rate fluctuations	18,600.75	8,078,044.66	2,691.84	70,312.84	14,688.66	8,184,338.75
Reductions	-	2,958,130.80	-	557,361.41	27,340.22	3,542,832.43
Including: Disposals or scrap	-	2,958,130.80	-	557,361.41	27,340.22	3,542,832.43
Impact of exchange rate fluctuations						-
Ending Balance	196,065,978.87	1,199,938,346.26	63,856,443.58	9,733,717.23	12,339,346.44	1,481,933,832.38
Accumulated depreciation						-
Initial Balance	46,512,265.13	295,149,632.28	32,577,597.44	7,770,183.81	9,181,166.77	391,190,845.43
Additions	9,904,232.41	59,846,872.92	3,446,698.25	763,104.07	573,732.76	74,534,640.41
Including: Provision	9,900,454.92	57,065,527.29	3,441,517.47	690,859.82	566,965.94	71,665,325.44
Impact of exchange rate fluctuations	3,777.49	2,781,345.63	5,180.78	72,244.25	6,766.82	2,869,314.97
Reductions	-	2,810,224.26	-	500,814.82	24,625.71	3,335,664.79
Including: Disposals or scrap	-	2,810,224.26	-	500,814.82	24,625.71	3,335,664.79
Impact of exchange rate fluctuations						-
Ending Balance	56,416,497.54	352,186,280.94	36,024,295.69	8,032,473.06	9,730,273.82	462,389,821.05
Provision for impairment						-
Initial Balance	-	157,573.50	-	-	-	157,573.50
Additions						-
Reductions						-
Ending Balance	-	157,573.50	-	-	-	157,573.50
Carrying amount						-
Ending Balance	139,649,481.33	847,594,491.82	27,832,147.89	1,701,244.17	2,609,072.62	1,019,386,437.83
Initial Balance	149,535,112.99	445,840,722.52	30,931,508.30	1,778,251.98	2,885,367.53	630,970,963.32

② Temporarily idle fixed assets

Item	Cost	Accumulated depreciation	Provision for impairment	Carrying amount	Remark
Machinery & equipment	2,179,020.00	1,961,118.00	-	217,902.00	
Netting gear	<u>13,428,790.56</u>	<u>11,473,228.33</u>		<u>1,955,562.23</u>	
Total	<u>15,607,810.56</u>	<u>13,434,346.33</u>	=	<u>2,173,464.23</u>	

③ Fixed assets leased through operating leases

project	Closing book value
Transport ship	209,481,709.77

④ Fixed assets with incomplete property rights certificates

According to the Debt Repayment Opinion signed between our company and Shandong Fisheries Group Corporation in April 2006, as well as the Civil Ruling (2005) Lizhi Zi No. 1299 issued by the People's Court of Lixia District, Jinan City, Shandong Fisheries Group Corporation will offset the debt owed to Shandong Zhonglu Yuanyang Fisheries Co., Ltd. by its office complex building and office supplies located at 43 Heping Road, Lixia District, Jinan City. The original book value of the office complex building is 54,223,132.40 yuan, with a book value of 31,807,244.79 yuan (of which the self use part is included in fixed assets and the rental part is included in investment real estate). The land used for this property was originally allocated land, and the property ownership certificate is for the property. Not yet processed。

11. Construction in process

Category	Ending Balance	Initial Balance
Constructed in process	65,288,052.12	344,727,296.32
Construction materials		
Total	<u>65,288,052.12</u>	<u>344,727,296.32</u>

① Construction in process

Item	Ending Balance			Initial Balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Atlantic Siege Project	4,077,658.55	4,077,658.55	-	4,077,658.55	4,077,658.55	
Zone B of Phase I of the Marine Innovation Industrial Park Project	42,494,948.92		42,494,948.92	13,957,959.89		13,957,959.89
Tailong 7 seine boat			-	169,190,918.22		169,190,918.22
Tailong 9 seine boat			-	161,578,418.21		161,578,418.21
Zhonglu Fishing 1003	11,396,551.60		11,396,551.60			
Zhonglu Fishing 1004	<u>11,396,551.60</u>		<u>11,396,551.60</u>			
total	<u>69,365,710.67</u>	<u>4,077,658.55</u>	<u>65,288,052.12</u>	<u>348,804,954.87</u>	<u>4,077,658.55</u>	<u>344,727,296.32</u>

② Movement of significant construction in progress

Project name	Budget	Initial Balance	Additions	Transfer to fixed assets	Other reductions	Ending Balance
Tyrone 7 Seine Boat	207,000,000.00	169,190,918.22	19,004,434.81	188,195,353.03		-
Tyrone 9 Seine Boat	207,000,000.00	161,578,418.21	26,586,668.30	188,165,086.51		-
Phase I of Marine Innovation Industrial Park Project	95,038,200.00	13,957,959.89	28,536,989.03			42,494,948.92
Sea Future cargo ship	13,000,000.00		11,396,551.60			11,396,551.60
Sea Blazer cargo ship	13,000,000.00		11,396,551.60			11,396,551.60
SEA BLAZER	<u>39,460,000.00</u>		<u>44,816,663.67</u>	<u>44,816,663.67</u>		=
Total	<u>574,498,200.00</u>	<u>344,727,296.32</u>	<u>141,737,859.01</u>	<u>421,177,103.21</u>	=	<u>65,288,052.12</u>

(Continued)

Project name	Proportion of cumulative project input to budget	Project progress	Interest capitalization accumulated amount	Where: the amount of interest capitalization in the current period	Current interest capitalization rate	Source of funds
Tyrone 7 Seine Boat	90.92%	100.00%	9,513,320.61	861,838.70	4.00%	Long term loans and own funds

Full text of the annual report of 2023, Shandong Zhonglu Oceanic Fisheries Co., Ltd.

Tyrone 9 Seine Boat	90.90%	100.00%	9,513,320.61	861,838.70	4.00%	Long term loans and own funds
Phase I of Marine Innovation Industrial Park Project	44.71%	44.71%	4,182,444.35	3,239,777.69	3.50%	Long term loans and own funds
Sea Future cargo ship	87.67%	87.67%	192,615.67	192,615.67	3.97%	Long term loans and own funds
Sea Blazer cargo ship	87.67%	87.67%	192,615.67	192,615.67	3.97%	Long term loans and own funds
SEA BLAZER	113.57%	100.00%				Own funds
Total			<u>23,594,316.91</u>	<u>5,348,686.43</u>		-

12. Right-of-use asset

<u>Item</u>	<u>Buildings</u>	<u>Total</u>
(1) Cost		
Initial Balance	1,809,939.63	1,809,939.63
Additions	390,058.87	390,058.87
Including: New leases	381,871.11	381,871.11
Impact of exchange rate fluctuations	8,187.76	8,187.76
Reductions	1,708,962.13	1,708,962.13
Including: Exchange impact	1,708,962.13	1,708,962.13
Impact of exchange rate fluctuations		
Ending Balance	491,036.37	491,036.37
(2) Accumulated depreciation		-
Initial Balance	1,399,893.66	1,399,893.66
Additions	517,562.56	517,562.56
Including: Provision	512,656.85	512,656.85
Impact of exchange rate fluctuations	4,905.71	4,905.71
Reductions	1,518,026.57	1,518,026.57
Including: Exchange impact	1,518,026.57	1,518,026.57
Impact of exchange rate fluctuations		-
Ending Balance	399,429.65	399,429.65
Provision for impairment		-
Initial Balance		-
Additions		-
Reductions		-
Ending Balance		-
Carrying amount		-
Ending Balance	91,606.72	91,606.72
Initial Balance	410,045.97	410,045.97

13. Intangible assets

<u>Item</u>	<u>Land use rights</u>	<u>Computer software</u>	<u>Total</u>
①Cost			
Initial Balance	69,409,842.26	2,335,115.89	71,744,958.15
Additions	-	-	-
Including: Purchase	-	-	-
Reductions	-	-	-
Including: Disposition	-	-	-

Ending Balance	69,409,842.26	2,335,115.89	71,744,958.15
②Accumulated depreciation			-
Initial Balance	7,418,225.45	1,699,028.66	9,117,254.11
Additions	1,428,972.48	242,348.87	1,671,321.35
Including: Provision	1,428,972.48	242,348.87	1,671,321.35
Reductions	-	-	-
Including: Disposition			
Ending Balance	8,847,197.93	1,941,377.53	10,788,575.46
③Provision for impairment			-
Initial Balance			-
Additions			-
Including: Provision			-
Reductions			-
Including: Disposition			-
Ending Balance			-
④Carrying amount			-
Ending Balance	60,562,644.33	393,738.36	60,956,382.69
Initial Balance	61,991,616.81	636,087.23	62,627,704.04

14. Long-term deferred expenses

<u>Item</u>	<u>Initial Balance</u>	<u>Additions</u>	<u>Amortization</u>	<u>Reductions</u>	<u>Ending Balance</u>
Office building decoration	79,090.36	1,993,706.00	69,615.29		2,003,181.07
Decoration of Tuna Technology Museum		<u>1,473,925.23</u>	<u>122,827.11</u>		<u>1,351,098.12</u>
total	<u>79,090.36</u>	<u>3,467,631.23</u>	<u>192,442.40</u>	=	<u>3,354,279.19</u>

15. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets before offsetting

<u>Item</u>	<u>Ending Balance</u>		<u>Initial Balance</u>	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Allowance for credit losses	880,463.98	177,704.36	893,111.12	223,277.77
Deferred income	<u>4,989,377.76</u>	<u>1,247,344.44</u>	<u>5,338,621.20</u>	<u>1,334,655.30</u>
Total	<u>5,869,841.74</u>	<u>1,425,048.80</u>	<u>6,231,732.32</u>	<u>1,557,933.07</u>

(2) Deferred tax liabilities before offsetting

<u>Item</u>	<u>Ending Balance</u>		<u>Initial Balance</u>	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Accelerated depreciation of fixed assets before tax deduction	9,907,422.47	2,476,855.62	10,441,997.43	2,610,499.36
total	<u>9,907,422.47</u>	<u>2,476,855.62</u>	<u>10,441,997.43</u>	<u>2,610,499.36</u>

(3) The items not recognised deferred tax assets

<u>Item</u>	<u>Ending Balance</u>	<u>Initial Balance</u>
Deductible temporary differences -Allowance for credit losses	13,687,421.87	13,592,916.05
Deductible temporary differences -Provision for inventories	77,538,136.42	62,262,121.86
Deductible temporary differences -Deductible losses	36,075,622.60	37,304,854.04
Deductible temporary differences -Provision for impairment of construction in progress	<u>4,077,658.55</u>	<u>4,077,658.55</u>
Total	<u>131,378,839.44</u>	<u>117,237,550.50</u>

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

(4) The deductible losses of unconfirmed deferred income tax assets will expire in the following years

<u>Year</u>	<u>Ending Balance</u>	<u>Initial Balance</u>	<u>Remarks</u>
year 2025	36,075,622.60	37,197,760.25	
year 2026	=	<u>107,093.79</u>	
total	<u>36,075,622.60</u>	<u>37,304,854.04</u>	

16. Other non-current assets

<u>Item</u>	<u>Ending Balance</u>			<u>Initial Balance</u>		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Prepayment for land	2,000,000.00		2,000,000.00	2,000,000.00		2,000,000.00
Prepayment for construction in process	13,402,660.37		13,402,660.37	10,851,990.71		10,851,990.71
Total	<u>15,402,660.37</u>	=	<u>15,402,660.37</u>	<u>12,851,990.71</u>		<u>12,851,990.71</u>

17. Short-term loans

<u>Item</u>	<u>Ending Balance</u>	<u>Initial Balance</u>
Collateral loan	18,021,175.00	10,012,533.29
Loans on credit	<u>39,990,136.42</u>	<u>10,011,611.11</u>
Total	<u>58,011,311.42</u>	<u>20,024,144.40</u>

Note: The loan balance of the current period includes the interest payable of RMB 41,311.42;

The collateral for the mortgage loan is as follows:

- (1) Property of YFQZK No.102954,102984,102985,102986,106566, K028075, with the book value of 28,541,106.44 yuan;
- (2) Land use right of YGY (2002) No. 1047, with book value of 4,558,790.48 yuan.

18. Notes payable

<u>Item</u>	<u>Ending Balance</u>	<u>Initial Balance</u>
Banker's acceptance	<u>35,000,000.00</u>	

total				<u>35,000,000.00</u>
19. Accounts payable				
<u>Item</u>		<u>Ending Balance</u>		<u>Initial Balance</u>
Within 1 year(including 1 year)		84,462,881.55		129,391,901.74
More than 1 year		<u>4,863,467.53</u>		<u>4,880,402.31</u>
Total		<u>89,326,349.08</u>		<u>134,272,304.05</u>
20. Advances from customers				
<u>Item</u>		<u>Ending Balance</u>		<u>Initial Balance</u>
Rent		<u>1,776,439.64</u>		<u>1,684,961.19</u>
Total		<u>1,776,439.64</u>		<u>1,684,961.19</u>
21. Contract liabilities				
<u>Item</u>		<u>Ending Balance</u>		<u>Initial Balance</u>
Advance payment for goods		<u>29,481,400.42</u>		<u>49,576,606.91</u>
Total		<u>29,481,400.42</u>		<u>49,576,606.91</u>
22. Employee benefits payable				
(1) Movement of employee benefits payable				
<u>Item</u>	<u>Initial Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Short-term employee benefits	53,077,921.51	202,903,864.90	194,912,816.49	61,068,969.92
Post-employment benefits—defined contribution plans	2,026,077.30	13,233,862.97	13,122,099.57	2,137,840.70
Termination benefits	3,962.00	423,428.00	423,428.00	3,962.00
Other benefits due within one year	<u>8,073.37</u>	<u>15,520.86</u>	<u>15,008.00</u>	<u>8,586.23</u>
Total	<u>55,116,034.18</u>	<u>216,576,676.73</u>	<u>208,473,352.06</u>	<u>63,219,358.85</u>
(2) Details of the short-term employee benefits				
<u>Item</u>	<u>Initial Balance</u>	<u>Accrued</u>	<u>Paid</u>	<u>Ending Balance</u>
Salaries, bonus, and allowances	51,653,463.36	188,269,529.48	180,359,966.96	59,563,025.88
Staff welfare	72,168.00	3,240,786.52	3,312,954.52	-
Social insurances	12,715.32	5,824,975.46	5,837,690.78	-
Including: Medical insurance	10,928.96	5,119,815.42	5,130,744.38	-
Work injury insurance	1,786.36	702,802.93	704,589.29	-
Maternity insurance	-	2,357.11	2,357.11	-
Housing Fund	-	4,621,650.21	4,621,650.21	-
Union funds and employee education fee	1,339,574.83	946,923.23	780,554.02	1,505,944.04
Short-term paid absences				-
Short-term profit sharing plan				-
Total	<u>53,077,921.51</u>	<u>202,903,864.90</u>	<u>194,912,816.49</u>	<u>61,068,969.92</u>
(3) Defined contribution plans				
<u>Item</u>	<u>Initial Balance</u>	<u>Accrued</u>	<u>Paid</u>	<u>Ending Balance</u>
Primary endowment insurance	21,651.20	10,328,541.15	10,350,192.35	-
Unemployment insurance	947.24	446,575.23	447,522.47	-
Pension insurance	2,003,478.86	2,074,492.96	1,940,131.12	2,137,840.70
Social security and subsidies for retired workers	-	<u>384,253.63</u>	<u>384,253.63</u>	-

Total	<u>2,026,077.30</u>	<u>13,233,862.97</u>	<u>13,122,099.57</u>	<u>2,137,840.70</u>
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23. Taxes and surcharges payable

<u>Category</u>	<u>Ending Balance</u>	<u>Initial Balance</u>
Value added tax	362,005.97	282,208.25
Enterprise income tax	2,233,670.77	1,541,093.07
Urban maintenance and construction tax	19,762.85	4,008.32
Estate tax	348,748.88	340,194.59
Land use tax	323,681.23	200,210.82
Individual income tax	774,108.88	559,650.11
Educational surtax	14,116.30	2,863.10
Withholding tax	1,464,295.39	1,239,249.44
Other taxes and surcharges	<u>125,058.00</u>	<u>172,198.62</u>
Total	<u>5,665,448.27</u>	<u>4,341,676.32</u>

24. Other payables

<u>Item</u>	<u>Ending Balance</u>	<u>Initial Balance</u>
Interest payable		
Dividends payable	1,616,659.01	
Other payables	<u>17,961,560.95</u>	<u>18,326,716.51</u>
Total	<u>19,578,219.96</u>	<u>18,326,716.51</u>

(1) Dividends payable

<u>Item</u>	<u>Ending Balance</u>	<u>Initial Balance</u>	<u>Reasons for non-payment for more than 1 year</u>
Common stock dividend	<u>1,616,659.01</u>		
Total	<u>1,616,659.01</u>		

(2) Other payables

<u>Item</u>	<u>Ending Balance</u>	<u>Initial Balance</u>
Security deposit	5,819,576.92	5,965,114.77
Staff expenses	692,412.01	716,721.01
Safety cost	1,655,016.56	1,667,772.64
other	<u>9,794,555.46</u>	<u>9,977,108.09</u>
Total	<u>17,961,560.95</u>	<u>18,326,716.51</u>

25. Non-current assets due within one year

<u>Item</u>	<u>Ending Balance</u>	<u>Initial Balance</u>
Long-term loans due within one year	<u>8,837,283.90</u>	<u>6,502,041.67</u>
Total	<u>8,837,283.90</u>	<u>6,502,041.67</u>

26. Other current liabilities

<u>Item</u>	<u>Ending Balance</u>	<u>Initial Balance</u>
Advance collection of sales tax	<u>6,256.07</u>	<u>223,557.01</u>
Total	<u>6,256.07</u>	<u>223,557.01</u>

27. Long-term loans

Long-term loans by category

<u>Item</u>	<u>Ending Balance</u>	<u>Initial Balance</u>
Secured loan	111,410,333.33	96,093,333.33
Mortgage loan		48,766,286.11
Mortgage or guarantee a loan	288,092,457.73	145,200,000.00
Less: long-term loans maturing within one year	<u>8,837,283.90</u>	<u>6,502,041.67</u>
Total	<u>390,665,507.16</u>	<u>283,557,577.77</u>

Note 1: The guarantors of the guaranteed loan are Shandong Zhonglu Haiyan Ocean Fishery Co., Ltd. and Shandong Zhonglu Ocean (Yantai) Food Co., LTD.

Note 2: Mortgage and collateral of Tailong 7 and Tailong 9, with book value RMB 368,415,052.42, and the property located at Room 2501-2506, Building 1,31, Xianxialing Road, Laoshan District, the number of property ownership certificate: Lu 2022 QDLS BDCQ No. 0051706, 0051707,0051708,0051709,005170051710, book value RMB 67,755,1711,0052,224.37. The guarantor is Shandong Zhonglu Haiyan Ocean Fishery Co., LTD. And Shandong Zhonglu Ocean (Yantai) Food Co., LTD.

28. Long-term employee benefits payable

<u>Item</u>	<u>Ending Balance</u>	<u>Initial Balance</u>
Other long-term benefits	543,215.85	616,935.20
Total	<u>543,215.85</u>	<u>616,935.20</u>

29. Deferred income

<u>Item</u>	<u>Initial Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>	<u>Reason for the deferred income</u>
Government grants	13,500,315.67	40,000,000.00	1,519,346.94	51,980,968.73	asset-related
Total	<u>13,500,315.67</u>	<u>40,000,000.00</u>	<u>1,519,346.94</u>	<u>51,980,968.73</u>	

30. Share capital

<u>Item</u>	<u>Initial Balance</u>	<u>Movement</u>				<u>Ending Balance</u>
		Issuance of new share	Bonus shares	Capital reserve transfer in	Others sub-total	
Total shares	266,071,320.00					266,071,320.00

31. Capital reserve

<u>Item</u>	<u>Initial Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Share premiums	189,093,492.79			189,093,492.79
Other capital reserve	<u>106,526,779.23</u>			<u>106,526,779.23</u>
Total	<u>295,620,272.02</u>	=	=	<u>295,620,272.02</u>

32. Other comprehensive income

<u>Item</u>	<u>Initial Balance (A)</u>	<u>Year ended 31/12/2023</u>		
		Amount before tax	Less: OCI in prior periods transfer in profit or loss for the current period	Less: OCI in prior periods carried forward to retained earnings

OCI items which will be reclassified subsequently to profit or loss	-6,291,344.58	3,695,625.18	-	-
Translation differences from translation of foreign currency financial statements	-6,291,344.58	3,695,625.18		
Total of OCI	<u>-6,291,344.58</u>	<u>3,695,625.18</u>	=	=

(Continued)

<u>Item</u>	Year ended 31/12/2023			<u>Ending Balance</u>
	Less: income tax	Amount after tax attributable to the Company(B)	Amount after tax attributable to minority interests	(C)=(A)+(B)
OCI items which will be reclassified subsequently to profit or loss	-	2,921,263.10	774,362.08	-3,370,081.48
Translation differences from translation of foreign currency financial statements		<u>2,921,263.10</u>	<u>774,362.08</u>	<u>-3,370,081.48</u>
Total of OCI	=	<u>2,921,263.10</u>	<u>774,362.08</u>	<u>-3,370,081.48</u>

33. Special reserve

<u>Item</u>	<u>Initial Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Safety costs	=	<u>2,679,975.32</u>	<u>2,678,402.84</u>	<u>1,572.48</u>
Total	=	<u>2,679,975.32</u>	<u>2,678,402.84</u>	<u>1,572.48</u>

34. Surplus reserve

<u>Item</u>	<u>Initial Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Statutory surplus reserve	<u>21,908,064.19</u>			<u>21,908,064.19</u>
Total	<u>21,908,064.19</u>	=	=	<u>21,908,064.19</u>

35. Undistributed profit

<u>Item</u>	<u>Year ended 31/12/2023</u>	<u>Year ended 31/12/2022</u>
Retained earnings As at 31/12/2022 before adjustment	409,764,423.32	379,524,911.94
The total adjustment of retained earnings As at 1/1/2023 (Increase+, decrease-)		
Retained earnings As at 1/1/2023 after adjustment	409,764,423.32	379,524,911.94
Add: Net profit attributable to the Company during the year	39,599,325.61	30,239,511.38
Less: Appropriation of statutory surplus reserve		-
Withdrawal of discretionary surplus reserve		
Extract general risk provision		
Common stock dividends payable		
Common stock dividends converted to share capital		
Retained earnings as at 31/12/2023	449,363,748.93	409,764,423.32

36. Operating income and operating costs

(1) Operating income and operating costs

<u>Item</u>	Year ended 31/12/2023		Year ended 31/12/2022	
	Income	Costs	Income	Costs
Primary operating business	1,134,306,096.06	996,071,048.11	974,379,678.94	871,717,684.87
Other operating business	<u>10,946,326.03</u>	<u>1,904,219.23</u>	<u>11,048,626.43</u>	<u>1,983,875.15</u>

Item	Year ended 31/12/2023		Year ended 31/12/2022	
	Income	Costs	Income	Costs
Total	<u>1,145,252,422.09</u>	<u>997,975,267.34</u>	<u>985,428,305.37</u>	<u>873,701,560.02</u>

(2) Status of income from contracts

① Operating income and operating costs by recognition timing

Item	Product sales revenue		Processing income		Cold storage revenue	
	Operating income	Operating cost	Operating income	Operating cost	Operating income	Operating cost
Confirm at a certain point	988,950,583.08	891,090,888.04	4,556,012.13	4,009,714.33	-	-
Confirm within a certain period of time	=	=	=	=	<u>6,808,770.04</u>	<u>2,421,902.65</u>
Total	<u>988,950,583.08</u>	<u>891,090,888.04</u>	<u>4,556,012.13</u>	<u>4,009,714.33</u>	<u>6,808,770.04</u>	<u>2,421,902.65</u>

(Continue)

Item	Other business income				Total	
	Operating income	Operating cost	Operating income	Operating cost	Operating income	Operating cost
Confirm at a certain point	4,276,994.74	-	997,783,589.95	-	895,100,602.37	-
Confirm within a certain period of time	<u>1,698,113.20</u>	=	<u>8,506,883.24</u>	=	<u>2,421,902.65</u>	=
Total	<u>5,975,107.94</u>	=	<u>1,006,290,473.19</u>	=	<u>897,522,505.02</u>	=

② Income adapted to the lease standard

Item	Boat charter		Rent Rental and others		Total	
	Operating income	Operating cost	Operating income	Operating cost	Operating income	Operating cost
Income from main business	133,990,730.81	98,561,814.99	-	-	133,990,730.81	98,561,814.99
Other business income	=	=	<u>4,971,218.09</u>	<u>1,890,947.33</u>	<u>4,971,218.09</u>	<u>1,890,947.33</u>
Total	<u>133,990,730.81</u>	<u>98,561,814.99</u>	<u>4,971,218.09</u>	<u>1,890,947.33</u>	<u>138,961,948.90</u>	<u>100,452,762.32</u>

(3) Description of the performance obligations

The sale of goods by the Company is the performance obligation at a certain point, and the Company recognizes the income when the control of the goods transfers; the processing service of the Company is the performance obligation at a certain point, and the Company recognizes the income when the delivery delivers the products.

The cold storage fee income of the company belongs to the performance obligation within a certain period of time, and the company recognizes the income based on the actual days of goods stored every month.

The ship lease income of the Company belongs to the performance obligations performed within a certain period of time, and the Company recognizes the income in accordance with the consistent lease days determined with the customer.

The company's housing and other rental income of the company belongs to the performance obligations performed within a certain period of time, and the company recognizes the income according to the customer's lease period.

37. Taxes and surcharges

<u>Item</u>	<u>Year ended 31/12/2023</u>	<u>Year ended 31/12/2022</u>
Urban maintenance and construction tax	123,538.99	26,174.82
Educational surcharge	52,901.70	11,071.73
Local educational surcharge	35,267.77	7,381.10
Property tax	1,876,323.05	1,830,955.81
Land use tax	491,634.92	485,954.94
Stamp duty	178,829.99	323,934.60
Vehicle and vessel tax	166,451.76	22,276.69
Others	<u>65.04</u>	
Total	<u>2,925,013.22</u>	<u>2,707,749.69</u>

38. Selling and distribution expenses

<u>Item</u>	<u>Year ended 31/12/2023</u>	<u>Year ended 31/12/2022</u>
Employee compensation expenditure	2,125,067.97	2,109,250.88
Business promotion fees	860,160.87	694,114.96
Travelling expenses	311,248.56	151,823.54
Depreciation charges	98,442.05	110,135.36
Depreciation of right-of-use asset		52,953.25
Communication expenses	11,605.04	20,713.67
Others	<u>237,916.54</u>	<u>241,709.44</u>
Total	<u>3,644,441.03</u>	<u>3,380,701.10</u>

39. General and administrative expenses

<u>Item</u>	<u>Year ended 31/12/2023</u>	<u>Year ended 31/12/2022</u>
Employee compensation expenditure	50,809,554.49	44,888,814.48
Depreciation and amortization charges	3,923,713.57	2,800,685.41
Depreciation of Right-of-use assets	512,656.85	1,964,646.14
Travelling expenses	1,770,966.60	1,229,326.50
Business entertainment	784,909.97	486,442.83
Vehicle expenses	1,009,026.61	1,044,697.40
Agent service fees	1,043,733.58	1,426,362.08
Office expenses	3,791,321.72	3,823,262.06
Water and electricity expenses	1,681,203.55	1,587,335.49
Others	<u>3,294,821.54</u>	<u>5,122,662.68</u>
Total	<u>68,621,908.48</u>	<u>64,374,235.07</u>

40. Research and development expenses

<u>Item</u>	<u>Year ended 31/12/2023</u>	<u>Year ended 31/12/2022</u>
Employee compensation expenditure	1,271,827.17	2,286,319.66
Materials	892,761.14	246,207.46
Depreciation and amortization charges	507,920.78	160,974.73
Commissioned external r&d fee		300,000.00
Others	<u>604,057.96</u>	<u>400,587.40</u>
Total	<u>3,276,567.05</u>	<u>3,394,089.25</u>

41. Finance expenses

<u>Item</u>	<u>Year ended 31/12/2023</u>	<u>Year ended 31/12/2022</u>
Interest expenses	11,440,531.09	2,904,189.24
Less: interest income	408,232.29	672,995.57
Losses or gains from foreign exchange	-1,988,101.64	-13,875,632.54
Finance charges	1,125,109.11	989,435.15
Interest expenses on lease liabilities	-	57,441.35
Others	<u>11,760.07</u>	<u>24,009.22</u>
Total	<u>10,181,066.34</u>	<u>-10,573,553.15</u>

42. Other income

<u>Item</u>	<u>Year ended 31/12/2023</u>	<u>Year ended 31/12/2022</u>
International compliance Enhancement grant funds	49,101,500.00	45,608,125.30
Financial subsidies for special construction funds of the Blue Economic Zone	738,508.76	698,486.88
Industrial and commercial capital investment in rural revitalization project construction award	1,400,000.00	
others	<u>1,791,917.62</u>	<u>1,442,053.68</u>
total	<u>53,031,926.38</u>	<u>47,748,665.86</u>

43. Investment income

<u>Item</u>	<u>Year ended 31/12/2023</u>	<u>Year ended 31/12/2022</u>
Income from long-term equity investments accounted for by the equity method	-569,892.16	-398,421.52
Investment gains from the disposal of trading financial assets		1,076,034.24
Investment gain from disposal of derivative financial liabilities		96,000.00
Gains on debt restructuring	<u>-79,486.61</u>	
Total	<u>-649,378.77</u>	<u>773,612.72</u>

44. Credit impairment losses

<u>Item</u>	<u>Year ended 31/12/2023</u>	<u>Year ended 31/12/2022</u>
Allowance for credit losses of accounts receivable	236,791.90	-740,557.76
Allowance for credit losses of other receivables	<u>-361,161.34</u>	<u>-86,309.44</u>
Total	<u>-124,369.44</u>	<u>-826,867.20</u>

45. Impairment on assets

<u>Item</u>	<u>Year ended 31/12/2023</u>	<u>Year ended 31/12/2022</u>
Provision for diminution in value of inventory and Loss of contract performance costs	<u>-67,560,742.65</u>	<u>-59,961,212.95</u>
Total	<u>-67,560,742.65</u>	<u>-59,961,212.95</u>

46. Gains from disposal of assets

<u>Item</u>	<u>Year ended 31/12/2023</u>	<u>Year ended 31/12/2022</u>
Gains and losses on disposal of fixed assets	13,887.78	5,081,530.63

47. Non-operating income

<u>Item</u>	<u>Year ended</u> <u>31/12/2023</u>	<u>Year ended</u> <u>31/12/2022</u>	<u>Amount to be included in non-recurring</u> <u>gain or loss for the year</u>
Reparations income	1,502,649.65		1,502,649.65
Others	<u>80,670.25</u>	<u>176,255.05</u>	<u>80,670.25</u>
Total	<u>1,583,319.90</u>	<u>176,255.05</u>	<u>1,583,319.90</u>

48. Non-operating expenses

<u>Item</u>	<u>Year ended</u> <u>31/12/2023</u>	<u>Year ended</u> <u>31/12/2022</u>	<u>Amount to be included in non-recurring</u> <u>gain or loss for the year</u>
Loss of scrapped fixed assets	98,172.78	46,310.64	98,172.78
Others	-	25,002.45	-
Total	<u>98,172.78</u>	<u>71,313.09</u>	<u>98,172.78</u>

49. Income tax expenses

(1) Details of income tax expenses

<u>Item</u>	<u>Year ended 31/12/2023</u>	<u>Year ended 31/12/2022</u>
Current income tax	3,415,238.29	2,794,728.27
Deferred income tax	-759.47	-80,077.20
Total	<u>3,414,478.82</u>	<u>2,714,651.07</u>

(2) Reconciliation between income tax expenses and accounting profit is as follows:

<u>Item</u>	<u>Year ended 31/12/2022</u>
Profit before tax	44,824,629.05
Income tax expenses calculated at statutory/applicable tax rates	11,206,157.26
Effect of different tax rate of subsidiaries	-441,553.71
Effect of adjustment for income tax in prior year	48,025.77
Effect of income not subject to income tax	-11,135,894.37
Effect of expenses nondeductible for tax purposes	202,421.63
Effect of using deductible losses of deferred tax assets not recognised in prior periods	-307,320.94
Effect of unrecognised deductible temporary differences and deductible losses in current period	3,842,643.18
Income tax expenses	3,414,478.82

50. Other comprehensive income

As note VI.32.

51. Notes to statement of cash flows

(1) Cash flows from operating activities

① Cash received related to other operating activities

<u>Item</u>	<u>Year ended 31/12/2023</u>	<u>Year ended 31/12/2022</u>
Finance expenses- interest income	408,232.29	672,995.57
Government grants and others	93,079,769.72	47,472,059.73
Credit deposit	-	924,476.50
Current account and other	<u>2,535,670.25</u>	<u>8,177,260.88</u>
Total	<u>96,023,672.26</u>	<u>57,246,792.68</u>

② Cash paid related to other operating activities

<u>Item</u>	<u>Year ended</u> <u>31/12/2022</u>	<u>Year ended</u> <u>31/12/2022</u>
Cash payment to selling expenses	908,274.16	1,108,361.61
Cash payment to administrative expense	13,711,386.50	13,907,155.67
Cash payment to research and development expenses	1,496,819.10	946,794.86
Current account and other	<u>1,125,109.11</u>	<u>1,254,472.12</u>
Total	<u>17,241,588.87</u>	<u>17,216,784.26</u>

(2) Cash flows from investing activities

Cash received related to other investing activities

<u>Item</u>	<u>Year ended</u> <u>31/12/2023</u>	<u>Year ended</u> <u>31/12/2022</u>
Construction deposit		5,000,000.00
Total		<u>5,000,000.00</u>

(3) Cash flows from financing activities:

① Cash paid related to other financing activities

<u>Item</u>	<u>Year ended 31/12/2023</u>	<u>Year ended 31/12/2022</u>
Lease payment	195,000.00	1,780,432.76
Total	<u>195,000.00</u>	<u>1,780,432.76</u>

② Changes in liabilities arising from financing activities

<u>Item</u>	<u>Initial Balance</u>	<u>Current increase</u>		<u>Current decrease</u>		<u>Ending Balance</u>
		<u>Cash movement</u>	<u>Non-cash movement</u>	<u>Cash movement</u>	<u>Non-cash movement</u>	
Short-term loan	20,024,144.40	107,370,000.00	17,167.02	69,400,000.00		58,011,311.42
Long-term loan	283,557,577.77	115,665,507.16	277,664.46		8,835,242.23	390,665,507.16
Non-current liabilities due within one year	<u>6,502,041.67</u>		<u>8,837,283.90</u>	<u>6,502,041.67</u>		<u>8,837,283.90</u>
Total	<u>310,083,763.84</u>	<u>223,035,507.16</u>	<u>9,132,115.38</u>	<u>75,902,041.67</u>	<u>8,835,242.23</u>	<u>457,514,102.48</u>

52. Supplement to statement of cash flows

(1) Supplement to statement of cash flows

<u>Item</u>	<u>Year ended</u> <u>31/12/2023</u>	<u>Year ended</u> <u>31/12/2022</u>
1.Net profit adjusted to cash flows from operating activities		
Net profit	41,410,150.23	38,649,543.34
Add:losses Provision for asset impairment	15,276,014.56	54,631,761.97
Credit impairment	74,501.33	826,867.20
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets and depreciation of investment property	72,965,338.74	58,223,115.23
Depreciation of right-of-use asset	516,267.02	2,017,599.39
Amortization of intangible assets	626,219.03	696,336.48
Amortization of long-term deferred expenses	172,669.76	121,875.00
Losses on disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)	-13,887.78	-5,081,530.63

<u>Item</u>	<u>Year ended</u> <u>31/12/2023</u>	<u>Year ended</u> <u>31/12/2022</u>
Losses on write-down of fixed assets ("-" for gains)	98,172.78	46,310.64
Losses from changes in fair value ("-" for gains)		
Financial expenses ("-" for income)	7,806,062.67	-634,206.25
Investments losses ("-" for gains)	569,892.16	-773,612.72
Decreases in the deferred tax assets ("-" for increases)	132,884.27	87,012.89
Increases in the deferred tax liabilities ("-" for decreases)	-133,643.74	-167,090.09
Decreases in inventories ("-" for increases)	-84,850,276.36	-207,166,597.03
Decreases in operating receivables ("-" for increases)	-12,104,355.67	-16,135,680.34
Increases in operating payables ("-" for decreases)	38,990,748.82	87,390,968.02
Others		
Net cash flows from operating activities	81,536,757.82	12,732,673.10
2. Significant investing and financing activities not involving cash inflow and outflow		
Conversion of debt into capital		
Convertible corporate bonds maturing within one year		
Fixed assets acquired under financial lease		
3. Net change in cash and cash equivalents		
Cash as at 31/12/2023	243,127,423.03	227,264,342.31
Less: cash As at 1/1/2023	227,264,342.31	209,649,305.99
Add: cash equivalents as at 31/12/2023		
Less: cash equivalents as at 31/12/2022		
Net increase in cash and cash equivalents	15,863,080.72	17,615,036.32

(2) Cash and cash equivalents

<u>Item</u>	<u>Balance as at</u> <u>31/12/2023</u>	<u>Balance as at</u> <u>31/12/2022</u>
1. Cash	243,127,423.03	227,264,342.31
Including: cash on hand	8,419,757.05	2,325,815.71
Unrestricted bank deposits	234,707,665.98	224,938,526.60
2. Cash equivalents		
Bond investments due within 3 months		
3. Cash and cash equivalents As at 31/12/2023	243,127,423.03	227,264,342.31

(3) Monetary funds other than cash and cash equivalents

<u>Item</u>	<u>Year ended</u> <u>31/12/2023</u>	<u>Year ended</u> <u>31/12/2022</u>	<u>argument</u>
Other monetary funds	19,000,000.00	-	Bill deposit

53. Ownership or using rights of assets subject to restriction

<u>Item</u>	<u>Ending Balance</u>			
	<u>Book balance</u>	<u>Book value</u>	<u>Restricted type</u>	<u>Restricted case</u>
Monetary funds	19,000,000.00	19,000,000.00	Bill deposit	
Fixed assets	495,427,503.84	462,793,007.43	Mortgage for loan	
Intangible assets	<u>9,929,529.00</u>	<u>4,558,790.48</u>	Mortgage for loan	
Total	<u>524,357,032.84</u>	<u>486,351,797.91</u>		

(continue)

<u>Item</u>	<u>Initial Balance</u>			
	<u>Book balance</u>	<u>Book value</u>	<u>Restricted type</u>	<u>Restricted case</u>
Fixed assets	119,067,064.30	101,156,162.87	Mortgage for loan	
Intangible assets	9,929,529.00	4,795,207.52	Mortgage for loan	
Construction in progress	<u>330,769,336.43</u>	<u>330,769,336.43</u>	Mortgage for loan	
Total	<u>459,765,929.73</u>	<u>436,720,706.82</u>		

54. Monetary items denominated in foreign currency

(1) Monetary items denominated in foreign currency

<u>Item</u>	<u>Balance in foreign currency as at 31/12/2023</u>	<u>Exchange rate</u>	<u>Balance translated into RMB as at 31/12/2023</u>
Monetary funds			101,043,692.79
Among: USD	10,854,072.77	7.0827	76,876,141.20
EUR	43,262.01	7.8592	340,004.76
GHS	5,270,842.14	0.6082	3,205,726.19
FCFA	264,017.50	0.0120	3,168.21
JPY	410,730,128.09	0.0502	20,618,652.43
Accounts receivable			40,008,624.14
Among: USD	4,396,759.46	7.0827	31,140,928.26
GHS	2,839,386.12	0.6082	1,726,914.64
JPY	118,412,147.81	0.0502	5,944,289.82
FCFA	99,707,618.33	0.0120	1,196,491.42
Other receivables			1,943,438.58
Among: USD	232,310.70	7.0827	1,645,387.01
GHS	487,741.61	0.6082	296,644.45
FCFA	117,260.00	0.0120	1,407.12
Accounts payable			43,066,495.60
Among: USD	5,074,239.03	7.0827	35,939,312.79
EUR	234.43	7.8592	1,842.43
GHS	35.99	0.6082	21.89
JPY	133,131,977.69	0.0502	6,683,225.28
FCFA	36,841,100.83	0.0120	442,093.21
Other payables			1,768,327.90
Among: USD	245,189.17	7.0827	1,736,601.30
GHS	52,164.75	0.6082	31,726.60

(2) Reporting currencies of significant foreign operating entities

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

AFRICA STAR FISHERIES LIMITED

The Republic of Ghana

USD

environment

Business

environment

55. Lease

(1) The company as lessee

The total cash outflow related to the lease was 195,000.00 yuan.

(2) Our company acts as lessor

Operating lease

<u>Item</u>	<u>Lease income</u>	<u>Among them: Income related to variable lease payments not included in lease collections</u>
Rental income	4,971,218.09	
Vessel charter income	<u>133,990,730.81</u>	
total	<u>138,961,948.90</u>	

VII. Research and development expenses

List by property

<u>Item</u>	<u>Year ended 31/12/2023</u>	<u>Year ended 31/12/2022</u>
Employee compensation	1,271,827.17	2,286,319.66
Materials	892,761.14	246,207.46
Depreciation cost	507,920.78	160,974.73
Commissioned external research and development Expenses	-	300,000.00
Other	<u>604,057.96</u>	<u>400,587.40</u>
Total	<u>3,276,567.05</u>	<u>3,394,089.25</u>
Includes: Expensed research and development expenditures	3,276,567.05	3,394,089.25

VIII. Changes in consolidation scope

There are no consolidation scope changes in the current period.

IX. Interest in other entities

1. Interest in subsidiaries

(1) Composition of the Company

<u>Subsidiary name</u>	<u>Principal place of operation</u>	<u>Registered capital</u>	<u>Place of registration</u>	<u>Business nature</u>	<u>Shareholding ratio (%)</u>		<u>Acquisition mode</u>
					direct	indirect	
Shandong Zhonglu aquatic shipping Co., LTD	Qingdao, Shandong Province	2,250.56 Ten thousand RMB	Qingdao, Shandong Province	Boat charter	100		Investment and establishment
Shandong Zhonglu Yuanyang (Yantai) Food Co., LTD. (hereinafter referred to as "Zhonglu Food")	Yantai, Shandong Province	10,432.23 Ten thousand RMB	Yantai, Shandong Province	Food processing and refrigeration	46.69	25.77	Investment and establishment
Shandong Zhonglu Haiyan Ocean Fishing Co., LTD. (referred to as "Zhonglu Haiyan Zi")	Qingdao, Shandong Province	22,161.73 Ten thousand RMB	Qingdao, Shandong Province	Pelagic fishing	59.05		Investment and establishment
Zhonglu Yuanyang (Qingdao) Industrial	Qingdao,	19,200 Ten	Qingdao,	Food processing	66.63	33.37	Investment and

Full text of the annual report of 2023, Shandong Zhonglu Oceanic Fisheries Co., Ltd.

Subsidiary name	Principal place of operation	Registered capital	Place of registration	Business nature	Shareholding ratio (%)		Acquisition mode
					direct	indirect	
Investment Development Co., LTD	Shandong Province	thousand RMB	Shandong Province	and refrigeration			establishment
HABITAT INTERNATIONAL CORPORATION	Panama	150.74 Ten thousand USD	Panama	Boat charter	100		Investment and establishment
LAIF FISHERIES COMPANY LIMITED	Ghana	40 Ten thousand USD	Ghana	Pelagic fishing		Zhonglu Hai Yanzi holding 100.00	Investment and establishment
AFRICA STAR FISHERIES LIMITED	Ghana	40 Ten thousand USD	Ghana	Pelagic fishing		Zhonglu Hai Yanzi holding 100.00	Investment and establishment
ZHONG GHA FOODS COMPANY LIMITED	Ghana	50 Ten thousand USD	Ghana	Pelagic fishing		Zhonglu Hai Yanzi holding 100.00	Investment and establishment
Shandong Zhonglu Ocean cold storage Co., LTD	Yantai, Shandong Province	1,500 Ten thousand RMB	Yantai, Shandong Province	Warehousing service		Zhonglu Food holdings 100.00	Investment and establishment
YAW ADDO FISHERIES COMPANY LIMITED	Ghana		Ghana	Pelagic fishing			Operating lease

(2) Significant non-wholly owned subsidiary

Company name	Minority shareholding	Profit or loss attributable to the minority for the current period	Dividends announced to distribute to the minority	Balance of the minority interests as at 31/12/2023
Shandong Zhonglu Haiyan Oceanic Fisheries Co., Ltd.	40.95%	-3,188,974.58		165,040,675.17
Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd.	27.54%	4,999,799.20	1,616,659.01	96,926,494.42
Total		1,810,824.62	1,616,659.01	261,967,169.59

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

Subsidiary name	Ending Balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shandong Zhonglu Haiyan Oceanic Fisheries Co., Ltd.	341,079,219.81	229,508,215.78	570,587,435.59	162,226,751.21	5,330,952.59	167,557,703.80
Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd.	399,572,629.62	120,957,353.11	520,529,982.73	159,229,067.01	9,352,860.46	168,581,927.47
Total	740,651,849.43	350,465,568.89	1,091,117,418.32	321,455,818.22	14,683,813.05	336,139,631.27

(Continued)

Subsidiary name	Initial Balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shandong Zhonglu Haiyan Oceanic Fisheries Co., Ltd.	284,746,514.95	228,527,101.55	513,273,616.50	98,801,188.48	5,546,206.63	104,347,395.11

Fisheries Co., Ltd.						
Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd	<u>349,063,247.82</u>	<u>126,955,026.31</u>	<u>476,018,274.13</u>	<u>125,790,070.11</u>	<u>10,564,608.40</u>	<u>136,354,678.51</u>
Total	<u>633,809,762.77</u>	<u>355,482,127.86</u>	<u>989,291,890.63</u>	<u>224,591,258.59</u>	<u>16,110,815.03</u>	<u>240,702,073.62</u>

(Continued)

Subsidiary name	Year ended 31/12/2023			
	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities
Shandong Zhonglu Haiyan Oceanic Fisheries Co., Ltd.	310,869,569.04	-7,787,483.70	-5,896,489.60	-48,352,787.31
Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd	<u>484,598,351.95</u>	<u>18,154,681.19</u>	<u>18,154,681.19</u>	<u>11,111,932.51</u>
Total	<u>795,467,920.99</u>	<u>10,367,197.49</u>	<u>12,258,191.59</u>	<u>-37,240,854.80</u>

(Continued)

Subsidiary name	Year ended 31/12/2022			
	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities
Shandong Zhonglu Haiyan Oceanic Fisheries Co., Ltd.	274,187,930.05	8,062,035.30	13,361,583.32	-34,928,144.20
Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd	<u>530,394,523.46</u>	<u>18,549,849.33</u>	<u>18,549,849.33</u>	<u>2,792,648.54</u>
Total	<u>804,582,453.51</u>	<u>26,611,884.63</u>	<u>31,911,432.65</u>	<u>-32,135,495.66</u>

2. Interests in joint venture arrangements or joint ventures

Summary financial information of non-material joint ventures and associates

Item	Ending Balance / Year ended	Initial Balance / Year ended 31/12/2022
	31/12/2023	
Associated enterprise:		
Jinan Qini Food Technology Co., LTD	1,414,031.32	1,983,923.48
Total	1,414,031.32	1,983,923.48
The sum of the following items in proportion to shareholding	-569,892.16	-398,421.52
Among them: Net profit	-569,892.16	-398,421.52
Other comprehensive income		
Total comprehensive income	-569,892.16	-398,421.52

① The basis for holding less than 20% of the voting rights with a significant impact, or holding 20% or more of the voting rights with no significant impact.

The subsidiary of the Company, Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd., holds 15.00% of Jinan Qinzhen Food Technology Co., Ltd., and appoints directors, which has a significant impact on its production and operation.

X. Government subsidy

1. Liabilities involving government subsidies

<u>Financial statement item</u>	<u>As at 31/12/2022</u>	<u>New in the current period</u>	<u>Current account Amount of non-operating income</u>	<u>Amount transferred to other income in the current period</u>	<u>Other in the current period alteration</u>	<u>As at 31/12/2023</u>	<u>And assets / revenue correlation</u>
Deferred income	13,500,315.67	40,000,000.00	-	1,519,346.94	-	51,980,968.73	asset-related

2. Government grants recognised in profit or loss for the current period

<u>Item</u>	<u>Amount due in 2023</u>	<u>Amount due in 2022</u>
Other income	53,015,796.75	47,600,255.85
Total	<u>53,015,796.75</u>	<u>47,600,255.85</u>

XI. Related risks of financial instruments

1. The risk of the financial instruments

The main financial instruments of the Company include receivables, other receivables, payables and other payables, etc. For details of various financial instruments, see six relevant items in this Note. The goal of the company engaged in risk management is to achieve an appropriate balance between risk and income, reduce the negative impact of risk on the company's business performance to a minimum level, and maximize the interests of shareholders and other equity investors. Based on this risk management objective, the basic strategy of the company's risk management is to determine and analyze various risks faced by the company, establish appropriate risk tolerance bottom line and conduct risk management, and timely and reliably supervise various risks, and control the risks within a limited range.

(1) Credit risk

If the financial instrument or the other party involved in the financial loss caused to the Company, it is a credit risk. Credit risk mainly comes from customer payment receivable. The carrying value of accounts receivable and notes receivable and other receivables is the maximum credit risk of the Company for financial assets.

(2) Market risk

The market risk of financial instruments refers to the risk that the fair value of financial instruments or the future cash flow fluctuates due to the market price changes, including the exchange rate risk, interest rate risk and other price risks.

The Company uses sensitivity analysis technology to analyze the possible impact of reasonable and possible changes of market risk-related variables on the current profit and loss or shareholders' equity. Since any risk variable rarely changes in isolation and the correlation between variables will have a significant effect on the final amount of impact of a change in a risk variable, the following is made assuming that the change of each variable is independent.

① Exchange rate risk

Exchange rate risk refers to the risk that the fair value of financial instruments or the future cash flow fluctuates due to changes in the foreign exchange rate. The foreign exchange risks faced by the Company mainly come from the financial assets denominated in US dollars, and the amount of foreign currency financial assets converted into RMB is listed as described in item VI and 54 foreign currency monetary items.

② Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or the future cash flow fluctuates due to changes in the market interest rate. The interest rate risks faced by the Company mainly come from long-term bank loans. The company's loans are floating interest rate, and there is the risk of change in the RMB benchmark interest rate.

(3) Liquidity risk

Liquidity risk is the risk that the Company meets its obligations related to financial liabilities. Under the case of normal and tight funds, the Company ensures that there is sufficient liquidity to fulfill the maturing debts, and conducts financing consultations with financial institutions to maintain a certain level of standby credit line to reduce liquidity risk.

2. Transfer of financial assets

(1) Classification of transfer mode

<u>Transfer system</u>	<u>The nature of the transferred financial assets</u>	<u>Amount of financial assets transferred</u>	<u>Termination of recognition situation</u>	<u>Judgment basis for the termination of the recognition</u>
Discount on notes	Banker's acceptance bill	10,000,000.00	Fully terminated the recognition	Banker's acceptance bill with high credit rating
total		<u>10,000,000.00</u>		

(2) Financial assets terminated from recognition due to the transfer

<u>Item</u>	<u>The method of transferring financial asset</u>	<u>The amount of financial assets whose recognition has been terminated</u>	<u>Gains or losses associated with the termination of recognition</u>
Bill receivable	Discount on notes	10,000,000.00	-79,486.61
Total		<u>10,000,000.00</u>	<u>-79,486.61</u>

XII. Related parties and transactions

1. The parent company of the Company

<u>Name of parent company</u>	<u>Registered Address</u>	<u>Nature of business</u>	<u>Registration capital</u>	<u>The shareholding ratio of the parent company in the Company</u>	<u>The proportion of the voting rights of the parent company</u>
Shandong State-owned assets investment Co. Ltd	Shandong Jinan	Investment and management, asset management and capital operation, entrustment management, investment consulting	4.5 billion	47.25%	47.25%

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

2. Subsidiaries of the Company

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

3. The Group's joint ventures and associates

Significant joint ventures or associates of the Group are detailed in Note IX.2.

Any other joint venture or joint venture that has a balance of related party transactions with the Group in the current period or related party transactions with the Group in the previous period

The company situation is as follows:

<u>Name of a joint venture or joint venture</u>	<u>Relationship with the Group</u>
Jinan Qini Food Technology Co., LTD	Associated enterprise

4. Other related parties

<u>Entity name</u>	<u>Relationship</u>
Inspur General Software LTD	Controlled by the same parent company
Dezhou Bank Co., LTD	Controlled by the same parent company
Zhongtai Xincheng Asset Management Co., LTD	Controlled by the same parent company

5. Transactions with related parties

(1) List of goods sold/services provided

<u>Item</u>	<u>Related party transaction content</u>	<u>Current amount</u>	<u>Amount incurred in the previous period</u>
Ji Nan Qin Zhen Food Technology Co., Ltd.	Tuna product	108,554.52	212,715.94
Shandong State-owned Assets Investment Holding Co., Ltd.	Entrusted management fee	<u>1,698,113.20</u>	<u>1,273,584.91</u>
Total		<u>1,806,667.72</u>	<u>1,486,300.85</u>

(2) Associated entrusted management/contracting and entrusted management/contracting

Entrusted management/contracting information of the company

<u>Name of client</u>	<u>Name of trustee</u>	<u>Types of entrusted assets</u>	<u>Commencement date</u>	<u>Trustee termination date</u>	<u>Custodial income pricing basis</u>	<u>Current recognized Escrow income</u>
Shandong State-owned Assets Investment Holding Co., LTD	Shandong Zhonglu ocean fishing Co., LTD	Stock right	2022/4/14		<u>Contract agreement</u>	1,698,113.20

(3) Related lease situation

We are the lessee

<u>Name of lessor</u>	<u>Types of leasehold assets</u>	<u>Rent paid</u>		<u>Interest expense incurred on lease liabilities</u>		<u>Increased access to assets</u>	
		<u>Current period accrual</u>	<u>Previous period accrual</u>	<u>Current period accrual</u>	<u>Previous period accrual</u>	<u>Current period accrual</u>	<u>Previous period accrual</u>
Zhongtai Xincheng Asset Management Co., LTD	tenement	195,000.00	195,000.00	8,128.89		381,871.11	

(4) Key management compensation

<u>Item</u>	<u>Current amount</u>	<u>Amount incurred in the previous period</u>
Key management compensation	4,058,866.00	2,854,957.00

(5) Other related transactions

<u>Item</u>	<u>Affiliated party</u>	<u>Current amount</u>	<u>Amount incurred in the previous period</u>
Deposit interest income	Dezhou Bank Co. LTD	3,873.13	2,542.64

(6) Receivables due from and payables due to related parties

① Accounts receivable

<u>Item</u>	<u>Related party</u>	<u>Ending Balance</u>		<u>Initial Balance</u>	
		<u>Balance</u>	<u>Allowance for credit losses</u>	<u>Balance</u>	<u>Allowance for credit losses</u>
Accounts receivable	Jinan Qini Food Technology Co., LTD	68,244.40	5,248.42	75,268.40	3,763.42
Other receivables	Zhongtai Xincheng Asset Management Co., LTD	20,000.00	20,000.00	20,000.00	20,000.00
Other receivables	Shandong State-owned Assets Investment Holding Co., LTD	1,800,000.00	90,000.00	1,350,000.00	67,500.00

② Payable items

<u>Item</u>	<u>Related party</u>	<u>Ending Balance</u>		<u>Initial Balance</u>	
		<u>Balance</u>	<u>Allowance for credit losses</u>	<u>Balance</u>	<u>Allowance for credit losses</u>
Dividends receivable	Zhongtai Xincheng Asset Management Co., LTD	1,616,659.01			

X III. Commitments and contingencies

1. Commitments

None.

2. Contingencies

None.

XIV. Post balance sheet events

1. Significant non-adjustment events after balance sheet date

None.

2. Distribution of profit

None.

XV. Other significant events

1. Pension scheme

According to relative laws, regulations and policies, the pension system of the company has been established to pay supplementary endowment insurance for employees (namely enterprise annuity) on the basis of attending primary endowment insurance lawfully. The company has set the operating efficiency coefficient in accordance with the actual operating conditions every year, and calculated the total amount paid by the enterprise through it. In the enterprise pension, the borne expenses of the company have been disclosed in the case of employee pay payable and the condition of the established escrow plan, and the individual cost has been paid by the company from their salary. This year, the enterprise pension has been increased RMB 2.0745 million, relevant information shall be referred to "Attachment 6 VI.22 employee pay payable".

2. Segment reporting

(1) Determination basis of segment reporting and related accounting policy

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

(2) Financial information of segment reporting

Item	Oceanic fishing	Vessels leasing	Aquatic products processing and refrigeration	Others	Elimination between branches	Total
Operating income	587,596,974.83	133,990,730.81	480,321,357.21	354,517.08	-67,957,483.87	1,134,306,096.06
Operating cost	524,746,569.37	98,561,814.99	443,980,508.64	252,737.95	-71,470,582.84	996,071,048.11
Credit impairment losses	-503,147.59	-24,869.12	431,829.62	-28,182.35	-	-124,369.44
Impairment of assets	-60,007,929.18	-	-7,550,257.78	-2,555.69	-	-67,560,742.65
Depreciation and amortization	46,925,457.26	15,722,191.04	7,340,300.97	4,292,545.28	-	74,280,494.55
Profit before tax	20,406,057.97	27,683,468.65	21,520,437.69	-23,759,561.88	-1,025,773.38	44,824,629.05
Income tax expenses	-	210,157.97	3,204,320.85	-	-	3,414,478.82
Net profit	20,406,057.97	27,473,310.68	18,316,116.84	-23,759,561.88	-1,025,773.38	41,410,150.23
Total assets	1,222,019,933.78	347,067,805.46	681,769,162.72	591,420,336.95	-794,142,171.13	2,048,135,067.78
Total liabilities	286,672,176.87	94,753,494.98	169,709,521.89	596,520,435.40	-391,087,014.17	756,568,614.97

XVI. Notes to major items in the parent company's financial statements

1. Accounts receivable

(1) Aging disclosure

Aging	Ending book balance	Opening book balance
Within 6 months	4,535,849.02	438,889.50
6 months-1 years	-	
1-2 years		
2-3 years		
More than 3 years	5,689,018.01	5,689,018.01
Total	10,224,867.03	6,127,907.51

(2) Accounts receivable by provision method for allowance credit losses

Item	Ending Balance				
	Balance	PCT	Allowance for credit losses	PCT	Carrying amount

Item	Ending Balance				
	Balance	PCT	Allowance for credit losses	PCT	Carrying amount
Individually assessment subject to allowance for credit losses	-	-	-	-	-
Grouping assessment subject to allowance for credit losses	10,224,867.03	100.00%	5,789,294.85	56.62%	4,435,572.18
Group 1: Non-affiliated party customer portfolio	7,694,555.03	75.25%	5,789,294.85	75.24%	1,905,260.18
Group 2: Combination of related parties	<u>2,530,312.00</u>	<u>24.75%</u>			<u>2,530,312.00</u>
Total	<u>10,224,867.03</u>	<u>100.00%</u>	<u>5,789,294.85</u>	<u>56.62%</u>	<u>4,435,572.18</u>

(Continued)

Item	Initial Balance				
	Balance	PCT	Allowance for credit losses	PCT	Carrying amount
Individually assessment subject to allowance for credit losses	-	-	-	-	-
Grouping assessment subject to allowance for credit losses	6,127,907.51	100.00%	5,710,962.49	93.20%	416,945.02
Group 1: Non-affiliated party customer portfolio	6,127,907.51	100.00%	5,710,962.49	93.20%	416,945.02
Group 2: Combination of related parties					
Total	<u>6,127,907.51</u>	<u>100.00%</u>	<u>5,710,962.49</u>	<u>93.20%</u>	<u>416,945.02</u>

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

Aging	Ending Balance		
	Balance	Allowance for credit losses	PCT
Within 6 months	2,005,537.02	100,276.84	5.00%
6 months-1 years	-		
1-2 years	-		
2-3 years	-		
More than 3 years	<u>5,689,018.01</u>	<u>5,689,018.01</u>	100.00%
Total	<u>7,694,555.03</u>	<u>5,789,294.85</u>	

(Continued)

Aging	Initial Balance		
	Balance	Allowance for credit losses	PCT
Within 6 months	438,889.50	21,944.48	5.00%

Aging	Initial Balance		
	Balance	Allowance for credit losses	PCT
6 months-1 years	-	-	
1-2 years	-	-	
2-3 years	-	-	
More than 3 years	<u>5,689,018.01</u>	<u>5,689,018.01</u>	<u>100.00%</u>
Total	<u>6,127,907.51</u>	<u>5,710,962.49</u>	

Group 2: Combine related party combinations

Item	Ending Balance			
	Book balance	Bad debt reserve	Provision ratio	Reason for provision
Combine related party combinations	<u>2,530,312.00</u>			
Total	<u>2,530,312.00</u>			

(3) Allowance for credit losses

Item	Initial Balance	Amount of change in the current period				Ending Balance
		Provision	Recovery or reversal	Write off	Others	
Accounts receivable	<u>5,710,962.49</u>	<u>78,332.36</u>				<u>5,789,294.85</u>
Total	<u>5,710,962.49</u>	<u>78,332.36</u>	=	=	=	<u>5,789,294.85</u>

(4) Account receivables and contractual assets in the top five closing balances collected by defaulter

Name of the company	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivable and contract assets	Proportion of the total amount	Ending balance of allowance for doubtful accounts
A	2,530,312.00		2,530,312.00	24.75%	126,515.60
B	725,340.87		725,340.87	7.09%	72,534.09
C	497,843.00		497,843.00	4.87%	49,784.30
D	390,999.00		390,999.00	3.82%	39,099.90
E	<u>170,036.27</u>		<u>170,036.27</u>	<u>1.66%</u>	<u>17,003.63</u>
Total	<u>4,314,531.14</u>		<u>4,314,531.14</u>	<u>42.19%</u>	<u>304,937.52</u>

2. Other receivables

Item	Ending Balance	Initial Balance
Interest receivable		
Dividends receivable	79,137,061.83	79,137,061.83
Other receivables	<u>119,544,209.72</u>	<u>45,696,117.30</u>
Total	<u>198,681,271.55</u>	<u>124,833,179.13</u>

(1) Dividends receivable

① Classification and disclosure of dividends receivable

Item	Ending Balance	Initial Balance
Subsidiary dividend	79,137,061.83	79,137,061.83
Less: Allowance for credit losses		
Total	<u>79,137,061.83</u>	<u>79,137,061.83</u>

② Significant dividends receivable older than 1 year

<u>Investee</u>	<u>Ending Balance</u>	<u>Aging</u>	<u>Reasons for not recovering</u>	<u>Whether the impairment occurred and the basis of judgment</u>
HABITAT INTERNATIONAL CORPORATTON	79,137,061.83	1-3 years or more	Ensure the funds needed for the production and operation of the subsidiary	The subsidiary is operating well and no impairment has occurred
Total	<u>79,137,061.83</u>			

(2) Other receivables

① Aging analysis of other receivables

<u>Aging</u>	<u>Ending book balance</u>	<u>Opening book balance</u>
Within 6 months	82,086,147.46	32,810,640.91
6 months-1 years	3,918,721.07	87,549.95
1-2 years	23,973,733.23	3,192,920.91
2-3 years	1,516,080.33	2,445,424.82
More than 3 years	<u>11,750,263.11</u>	<u>10,760,326.81</u>
Total	<u>123,244,945.20</u>	<u>49,296,863.40</u>

② Category of other receivables by nature

<u>Nature</u>	<u>Ending book balance</u>	<u>Opening book balance</u>
Intra-company transaction	116,125,779.70	43,971,159.92
Imprest funds and others	7,119,165.50	5,325,703.48
Total	<u>123,244,945.20</u>	<u>49,296,863.40</u>

③ Classified disclosure according to bad debt provision method

<u>category</u>	<u>Ending Balance</u>				
	<u>Book balance</u>	<u>scale</u>	<u>Bad debt reserve</u>	<u>Provision ratio</u>	<u>Book value</u>
Provision for bad debts on an individual basis					
Provision for bad debts on a portfolio basis	123,244,945.20	100.00%	3,700,735.48	3.00%	119,544,209.72
Including: Aging portfolio	7,119,165.50	5.78%	3,700,735.48	51.98%	3,418,430.02
Combine related party combinations	<u>116,125,779.70</u>	<u>94.22%</u>			<u>116,125,779.70</u>
Total	<u>123,244,945.20</u>	<u>100.00%</u>	<u>3,700,735.48</u>	<u>3.00%</u>	<u>119,544,209.72</u>

(continue)

<u>Item</u>	<u>Initial Balance</u>				
	<u>Book balance</u>	<u>scale</u>	<u>Bad debt reserve</u>	<u>Provision ratio</u>	<u>Book value</u>
Provision for bad debts on an individual basis					

Item	Initial Balance				
	Book balance	scale	Bad debt reserve	Provision ratio	Book value
Provision for bad debts on a portfolio basis	49,296,863.40	100.00%	3,600,746.10	7.30%	45,696,117.30
Including: Aging portfolio	5,325,703.48	10.80%	3,600,746.10	67.61%	1,724,957.38
Combine related party combinations	<u>43,971,159.92</u>	<u>89.20%</u>			<u>43,971,159.92</u>
Total	<u>49,296,863.40</u>	<u>100.00%</u>	<u>3,600,746.10</u>	<u>7.30%</u>	<u>45,696,117.30</u>

1) Provision for bad debts on a portfolio basis

Combined itemization: Aging portfolio

name	Ending Balance		
	Book balance	Bad debt reserve	Provision ratio
0-6 months	3,279,713.83	163,985.69	5.00%
6 months. - 1 year	191,731.09	19,173.11	10.00%
1 to 2 years	148,700.61	44,610.18	30.00%
2 to3 years	52,106.95	26,053.48	50.00%
More than 3 years	<u>3,446,913.02</u>	<u>3,446,913.02</u>	<u>100.00%</u>
Total	<u>7,119,165.50</u>	<u>3,700,735.48</u>	

(continue)

name	Initial Balance		
	Book balance	Bad debt reserve	Provision ratio
0-6 months	1,659,480.87	82,974.05	5.00%
6 months. - 1 year	86,849.95	8,685.00	10.00%
1 to 2 years	83,123.86	24,937.16	30.00%
2 to3 years	24,197.81	12,098.91	50.00%
More than 3 years	<u>3,472,050.99</u>	<u>3,472,050.98</u>	<u>100.00%</u>
Total	<u>5,325,703.48</u>	<u>3,600,746.10</u>	

④ The provision of allowance for credit losses

The allowance for credit losses	Stage one	Stage two	Stage three	Total
	12-month ECL	Lifetime ECL (credit -unimpaired)	Lifetime ECL (credit-impaired)	
Beginning balance	128,695.12	-	3,472,050.98	3,600,746.10
Revaluation of beginning balance				
Provision	126,347.50		-25,137.96	101,209.54
Reversal				-
Charge off	1,220.16			1,220.16
Write-off				
Other changes				-
Ending balance	<u>253,822.46</u>		<u>3,446,913.02</u>	<u>3,700,735.48</u>

⑤ Other receivables due from the top five debtors are as follows:

Full text of the annual report of 2023, Shandong Zhonglu Oceanic Fisheries Co., Ltd.

Name of the unit	Nature of payment	Ending Balance	Aging	As a percentage of the total amount	Ending balance of allowance for credit losses
A	Current account	38,985,833.68	0-3 years or more	31.63%	-
B	Current account	32,945,605.78	0-3 years or more	26.73%	-
C	Current account	17,498,884.64	0-3 years or more	14.20%	-
D	Current account	11,673,277.08	1-3 years or more	9.47%	-
E	Current account	9,382,699.25	Within 6 months	7.61%	-
Total		<u>110,486,300.43</u>		<u>89.64%</u>	

3. Long-term equity investments

Item	Ending Balance			Initial Balance		
	Balance	Provision for impairment	Carrying amount	Balance	Provision for impairment	Carrying amount
Investment to subsidiaries	328,189,455.23		328,189,455.23	328,189,455.23		328,189,455.23
Total	<u>328,189,455.23</u>	=	<u>328,189,455.23</u>	<u>328,189,455.23</u>	=	<u>328,189,455.23</u>

Investment to subsidiaries

Investee	Initial Balance	Additions	Reductions	Ending Balance
HABITAT INTERNATIONAL CORP.	12,476,145.60	-	-	12,476,145.60
Shandong Zhonglu Oceanic Fisheries Transportation Co., Ltd.	22,869,513.38	-	-	22,869,513.38
Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd.	55,448,185.24	-	-	55,448,185.24
Shandong zhonglu Haiyan Oceanic Fisheries Co., Ltd.	141,395,611.01	-	-	141,395,611.01
Zhonglu Ocean (Qingdao) Industrial Investment Development Co., Ltd.	<u>96,000,000.00</u>	=	=	<u>96,000,000.00</u>
Total	<u>328,189,455.23</u>	-	=	<u>328,189,455.23</u>

4. Operating income and operating costs

(1) Operating income and operating costs

Item	Year ended 31/12/2023		Year ended 31/12/2022	
	Income	Cost	Income	Cost
Primary operating business	280,607,010.37	230,942,276.67	127,389,726.24	102,711,351.76
Other operating business	<u>6,669,331.29</u>	<u>1,890,947.33</u>	<u>5,912,273.40</u>	<u>1,952,483.99</u>
Total	<u>287,276,341.66</u>	<u>232,833,224.00</u>	<u>133,301,999.64</u>	<u>104,663,835.75</u>

(2) The income generated by the contract

① Current operating income is classified according to the time of revenue recognition

Classification of contract	Product sales revenue		Other business income		total	
	Operating income	Operating cost	Operating income	Operating cost	Operating income	Operating cost
Confirm at a certain point	280,607,010.37	230,942,276.67			280,607,010.37	230,942,276.67
Confirm within a certain period of time			1,698,113.20		1,698,113.20	
Total	<u>280,607,010.37</u>	<u>230,942,276.67</u>	<u>1,698,113.20</u>		<u>282,305,123.57</u>	<u>230,942,276.67</u>

② Income from applicable lease criteria

Item	Rent Rental and others		Total	
	Operating income	Operating cost	Operating income	Operating cost
Income from main business				
Other business income	4,281,820.01	1,878,426.05	4,281,820.01	1,878,426.05
Total	<u>4,281,820.01</u>	<u>1,878,426.05</u>	<u>4,281,820.01</u>	<u>1,878,426.05</u>

5. Investment income

Item	Year ended	Year ended
	31/12/2023	31/12/2022
Gain/(Loss) from long-term equity investments in cost method	4,253,562.54	8,500,000.00
Gain/(Loss) on financial assets held for trading for the current period		1,076,034.24
Bill discounting expenses	-37,825.17	
Total	<u>4,215,737.37</u>	<u>9,576,034.24</u>

XVII. Supplementary information

1. Details of non-recurring gain or loss for the year

Item	Amount	Remark
Disposal of profits and losses of non-current assets, including the offset part of the asset impairment provisions	-84,285.00	-
The government subsidies included in the current profit and loss, except the government subsidies that are closely related to the normal operation of the company, conform to the national policies and regulations, are enjoyed according to the determined standards, and have a sustained impact on the company's profit and loss	3,914,296.75	-
In addition to the effective hedging business related to the normal operation of the Company, the gains and losses arising from the fair value changes caused by the holding of financial assets and financial liabilities and the gains and losses generated by the disposal of financial assets and financial liabilities	-79,486.61	-
Custodian fee income obtained from the entrusted operation	1,698,113.20	-
Other non-operating income and expenses other than the above items	1,583,319.90	-
Deduct: Income tax impact	286,560.82	-
The impact of minority shareholders' equity	1,285,560.98	-
Total	5,459,836.44	-

Note: According to the Notice of the General Office of the Ministry of Agriculture and Rural Affairs and the General Office of the Ministry of Finance on the Implementation of Fishery Development Subsidy Policy in 2021 (Agricultural Finance (2021)

No.24) and the Notice of the Ministry of Agriculture and Rural Affairs and the Ministry of Finance on the Implementation of Agricultural Production Development in 2022 (Agricultural Finance (2022) No.13), This year, the company has obtained the national subsidy fund for international performance capacity improvement 49, 101, five hundred yuan, Because the subsidy is closely related to the performance score of enterprises and the operation time of fishing vessels, The subsidy funds are based on the performance score and the operation time of fishing vessels, Calculate and confirm according to the standards of relevant national and provincial departments. Therefore, it is not listed as a non-recurring profit and loss.

2. Return on equity and earnings per share

<u>Profit in report period</u>	<u>Weighted average return on equity</u>	<u>Earnings per share</u>	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to the common share holders	3.93	0.15	0.15
Net profit attributable to the common shareholders after deducting non-recurring gain or loss items	3.39	0.13	0.13