

Shandong Zhonglu Oceanic Fisheries Co., Ltd.

Semiannual Report of 2026

[August 26, 2026]

Section I Important Information, Contents, and Definitions

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

Wang Huan, 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 semiannual report is true, accurate, and complete.

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

The Company describes potential risks in its operations and countermeasures in "X. Risks faced by the company and countermeasures" 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.

During the reporting period, there is no significant risk that has a substantial impact on the production and business operation of the company. Investors are requested to pay attention and read it carefully.

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

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List of Documents for Reference

- (I) Financial statements with the signatures of the principal of the Company, the person in charge of accounting, and the person in charge of the accounting body and affixed with the Company's seal.
- (II) The originals of all corporate documents and the manuscripts of all announcements disclosed during the Reporting Period.
- (III) The text of the company's 2026 semi-annual report containing the signature of the company's responsible person.

Definitions

Term	Refers to	Content
The Company, Company	Refers to	Shandong Zhonglu Oceanic Fisheries Co., Ltd.
Shandong Guotou	Refers to	Shandong State-owned Assets Investment Holdings Co., Ltd.
This report	Refers to	The Semiannual Report of 2026 prepared by the Company

Section II Company Introduction and Key Financial Indicators

I. Company's Information

Short stock name	Zhonglu B	Stock code	200992
Short stock name before change (if any)	None		
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 (if any)	中鲁远洋		
Foreign name (if any)	Shandong Zhonglu Oceanic Fisheries Company Limited		
Acronym of the foreign name (if any)	ZLYY		
Legal representative	Wang Huan		

II. Contact Person and Contact Information

	Board Secretary	Securities Affairs Representative
Name	Yu Xiaoqiang	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. Other information

1. Contact information of the company

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

☐ Applicable ☒ Not applicable

The Company's registered address and office address, as well as its postal code, website, and email address remained unchanged during the reporting period. For details, please refer to the 2025 Annual Report.

2. Information disclosure and preparation location

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

☐ Applicable ☒ Not applicable

The website and media name and website of the stock exchange where the company discloses its semi-annual report, and the preparation location of the company's semi-annual report remain unchanged during the reporting period, as detailed in the 2025 annual report.

3. Other relevant information

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

☐Applicable ☒Not applicable

IV. 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

	Current reporting period	Same period of previous year	Increase/decrease of current reporting period compared with the same period of previous year
Operating revenue (RMB)	410,581,705.72	677,380,077.49	-39.39%
Net profits attributable to the Company's shareholders (RMB)	-36,574,394.03	-13,337,046.26	-174.23%
Net profits attributable to the Company's shareholders after deducting nonrecurring items (RMB)	-39,026,062.11	-15,340,155.55	-154.40%
Net cash flows from operating activities (RMB)	-31,864,804.21	82,605,264.02	-138.57%
Base earnings per share (RMB/share)	-0.1375	-0.0501	-174.45%
Diluted earnings per share (RMB/share)	-0.1375	-0.0501	-174.45%
Weighted average return on equity	-3.41%	-1.26%	-2.15%
	End of current reporting period	End of previous year	Increase/decrease at the end of current reporting period compared with that at end of previous year
Total assets (RMB)	2,102,157,623.14	2,168,213,094.94	-3.05%
Net assets attributable to the Company's shareholders (RMB)	1,051,207,294.29	1,094,666,215.62	-3.97%

V. 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.

VI. Non-recurring profit and loss items and amounts

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Amount	Remark
Gains or losses on the disposal of non-current assets (including the write-off of accrued asset impairment provisions)	-155,930.64	
Government grants recognized in profit or loss (excluding government grants that are closely related to the Company's business, meet the standards of national policies, are received in accordance with established standards, and have a continuous impact on the Company's profit or loss)	1,991,066.10	
Trustee income from trusteeship	849,056.58	
Other non-operating incomes and expenditures than the above	-1,597.73	
Less: amount of the effect of the income tax	116,029.67	
amount of the effect of the minority interest (after tax)	114,896.56	
Total	2,451,668.08	

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. Company's Main Businesses during the Reporting Period

During the Reporting Period, the Company's primary businesses included long range fishing, marine transport, and cold storage processing and trading. These businesses supported and promoted each other, forming a complete industrial chain.

1. Long range fishing

During the Reporting Period, the Company had 27 long range 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, which operated in the Indian Ocean, the Atlantic, and the Pacific, respectively. Relying on the business strategy of "stabilizing, expanding, and upgrading," the fleet consolidated its operational advantages in the Atlantic, expanded the space for longline projects, and improved the catch of purse seine in the central and western Pacific.

2. Marine transport

During the Reporting Period, the Company's eight large marine transport vessels featured excellent performance, strict management, and standard services, making them suitable for the long range frozen and refrigerated transport of aquatic products, meat, poultry, vegetables, and fruits. Their service areas covered some areas and ports of the central and western Pacific, the Indian Ocean, the Atlantic, North America, and South America. Affected by the combined factors of concentrated dry-docking and overhaul in the first half of the year and the temporary sluggishness of the refrigerated transport market, the overall vessel departure rate and transport volume declined. Currently, all vessels have completed their overhauls and resumed seaworthiness. In the second half of the year, the Company will dynamically optimize route deployment and intensify the development of cold-chain cargo sources, striving for a steady recovery in transport capacity and operating efficiency.

3. Cold storage processing and trade

During the Reporting Period, the Company successfully passed two major international food safety audits, BRCGS (Global Food Safety Standard) and IFS (International Food Standard), and obtained the BRCGS A+ certificate and the IFS Advanced certificate, which laid the foundation for exporting products to the EU and further expanding international markets. A trinity product co-creation mechanism of "customer-sales-R&D" was established, integrating product development into the market and orienting it toward the market.

Market position: the vice-presidential unit of the China Overseas Fisheries Association, the presidential unit of the Qingdao Overseas Fisheries Association, and a leading agricultural enterprise in Qingdao.

II. 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. 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, ocean shipping, and venture capital 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 the relevant fields of long range fishing. (3) The long-range fishing industry is part of China's "Belt

and Road" Initiative, the strategy of building a strong marine country, and part of Shandong's strategy of building a strong marine province. There are development opportunities from the adjustment of the industrial depth. (4) The Company keeps cultivating the global sea transport markets. It has established long-term, stable cooperation with customers and built a service brand with distinctive "Zhonglu characteristics," thus enjoying a high reputation on the Asia-Pacific refrigerated transport market. (5) The Company has the earliest ultra-low temperature cold storage and tuna processing plant in China, which strengthens the Company's advantages in tuna processing and trading. (6) The Company carries out long range fishing in the Atlantic, the Pacific, and the Indian Ocean, reaches most of the world's major ports with its ocean shipping, 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 country and the governments at all levels have rolled out a suite of development plans and industrial preference policies. All these have brought new development opportunities to 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 transformation and upgrading, vigorously extend the industrial chain, and further improve its influence and competitiveness in domestic and even international markets.

III. Analysis of Main Businesses

Overview

Refer to "I.Company's Main Businesses during the Reporting Period"

Year-on-year changes in major financial data

Unit: RMB

	This reporting period	Same period last year	Year-on-year increase or decrease	Reason for change
Operating income	410,581,705.72	677,380,077.49	-39.39%	Mainly due to a significant decrease in the operating time and production and sales volume of long range fishing in some sea areas compared with the same period of previous year, and a decrease in sales volume of the refrigerated processing and trading business.
Operating costs	403,248,048.82	657,100,642.65	-38.63%	Mainly due to a significant decrease in the operating time and production and sales volume of long range fishing in some sea areas compared with the same period of previous year, and a decrease in sales volume of the refrigerated processing and trading business.
Sales expenses	1,892,976.36	1,971,307.26	-3.97%	
Administrative	28,370,121.32	28,243,483.54	0.45%	

expenses				
Financial expenses	16,255,120.70	3,894,737.28	317.36%	Mainly due to an increase in net exchange losses during the current period.
Income tax expenses	966,105.34	1,065,757.84	-9.35%	
Net cash flow generated from operating activities	-31,864,804.21	82,605,264.02	-138.57%	Mainly due to a decrease in cash received from sales of goods and provision of labor services during the current period.
Net cash flow generated from investment activities	-30,783,925.26	-73,136,184.28	57.91%	Mainly due to decreased expenditures on the purchase and construction of fixed assets during the current period.
Net cash flow generated from financing activities	14,184,849.59	22,515,116.91	-37.00%	Mainly due to a decrease in cash received from borrowings during the current period.
Net increase in cash and cash equivalents	-58,754,069.16	38,150,559.41	-254.01%	Mainly due to an increase in cash received from sales of goods and provision of labor services during the current period.

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

☐Applicable ☒ Not applicable

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

Composition of operating income

Unit: RMB

	This reporting period		Same period last year		Year-on-year increase or decrease
	Amount	Proportion in operating revenue	Amount	Proportion in operating revenue	
Total operating revenue	410,581,705.72	100%	677,380,077.49	100%	-39.39%
By industry					
Long range fishing	164,458,997.15	40.06%	325,580,101.79	48.06%	-49.49%
Refrigerated transport	55,669,346.63	13.56%	70,390,970.06	10.39%	-20.91%
Cold storage processing and trading	237,450,802.98	57.83%	343,420,465.83	50.70%	-30.86%
Others	3,157,753.86	0.77%	3,657,630.81	0.54%	-13.67%
Internal trade offset	-50,155,194.90	-12.22%	-65,669,091.00	-9.69%	-23.62%
By product					
Long range fishing	164,458,997.15	40.06%	325,580,101.79	48.06%	-49.49%
Refrigerated transport	55,669,346.63	13.56%	70,390,970.06	10.39%	-20.91%

Cold storage processing and trading	237,450,802.98	57.83%	343,420,465.83	50.70%	-30.86%
Others	3,157,753.86	0.77%	3,657,630.81	0.54%	-13.67%
Internal trade offset	-50,155,194.90	-12.22%	-65,669,091.00	-9.69%	-23.62%
By region					
China	216,176,055.43	52.65%	360,903,587.31	53.28%	-40.10%
Foreign countries	194,405,650.29	47.35%	316,476,490.18	46.72%	-38.57%

Industries, products, or regions that account for more than 10% of the company's operating revenue or profit

☒ 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	164,458,997.15	185,913,726.69	-13.05%	-49.49%	-45.24%	-8.76%
Refrigerated transport	55,669,346.63	52,826,718.62	5.11%	-20.91%	-0.55%	-19.43%
Cold storage processing and trading	237,450,802.98	213,274,191.85	10.18%	-30.86%	-35.15%	5.95%
By product						
Long range fishing	164,458,997.15	185,913,726.69	-13.05%	-49.49%	-45.24%	-8.76%
Refrigerated transport	55,669,346.63	52,826,718.62	5.11%	-20.91%	-0.55%	-19.43%
Cold storage processing and trading	237,450,802.98	213,274,191.85	10.18%	-30.86%	-35.15%	5.95%
By region						
China	216,176,055.43	204,915,212.91	5.21%	-40.10%	-43.06%	4.92%
Foreign countries	194,405,650.29	198,332,835.91	-2.02%	-38.57%	-33.28%	-8.10%

When the statistical caliber of the company's main business data is adjusted during the reporting period, the company's main business data for the most recent period adjusted based on the caliber at the end of the reporting period

☐ Applicable ☒ Not applicable

IV. Analysis of Non-main Businesses

☒ Applicable ☐ Not applicable

Unit: RMB

	Amount	Proportion in total profit	Explanation of cause	Whether sustainable
Investment income	-291,046.67	0.76%	Mainly long-term equity investment income accounted using the equity method in the current period	No
Asset impairment	-2,039,274.87	5.33%	Mainly provision for inventory impairment in the	No

			current period	
Non-operating expenses	157,528.37	-0.41%	Mainly loss on scrapping of fixed assets in the current period	No

V. Analysis of Assets and Liabilities

1. Significant changes in asset components

Unit: RMB

	This reporting period end		Same period last year		Increase/Decrease (%)	Explanation of significant changes
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Monetary capital	233,352,220.34	11.10%	313,096,173.70	14.44%	-3.34%	
Accounts receivable	42,660,126.67	2.03%	77,973,714.62	3.60%	-1.57%	
Inventory	458,315,899.30	21.80%	381,905,920.98	17.61%	4.19%	
Investment property	24,141,587.69	1.15%	24,804,626.03	1.14%	0.01%	
Long-term equity investment	239,987.08	0.01%	441,892.08	0.02%	-0.01%	
Fixed assets	893,074,353.16	42.48%	927,820,225.94	42.79%	-0.31%	
Construction in progress	235,979,273.52	11.23%	205,135,249.27	9.46%	1.77%	
Short-term borrowings	16,010,400.00	0.76%	16,022,933.34	0.74%	0.02%	
Contractual liabilities	58,602,167.88	2.79%	8,866,554.08	0.41%	2.38%	
Long-term borrowings	475,177,847.78	22.60%	461,379,416.23	21.28%	1.32%	

2. Major overseas assets

☒ 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	Controlling subsidiary incorporated overseas	264,907,971.90	Panama	Independent operations	Vessel and personnel insurance	-3,346,347.77	20.22%	No
AFRICA STAR	Controlling subsidiary	185,621,963.33	Ghana	Independent operations	Professional	-14,052,507.	14.17%	No

FISHERIES LIMITED	incorporated overseas				management team stationed overseas and vessel and personnel insurance	01		
ZHONGGHA FOODS COMPANY LIMITED	Controlling subsidiary incorporated overseas	113,453,658.33	Ghana	Independent operations	Professional management team stationed overseas and vessel and personnel insurance	- 3,721,520.88	8.66%	No

3. Assets and liabilities measured at fair value

☐ Applicable ☒ Not applicable

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

Item	Book value	Type of restriction
Monetary funds	7,800,000.00	Guarantee deposits for notes and letters of guarantee
Fixed assets	425,373,763.77	Mortgage loans
Intangible assets	47,552,152.82	Mortgage loans
Construction in progress	220,235,411.15	Mortgage loans
Total	700,961,327.74	

VI. 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 (%)
43,611,134.81	38,344,180.10	13.74%

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)
Tuna Trading Center	Self-construction	Yes	Processing and trading of aquatic products	1,297,730.86	38,837,263.25	Long-term borrowings, Owner's funds	65.67 %			Not yet put into operation		
No.5 Cold Storage	Self-construction	Yes	Cold chain warehousing and logistics	15,570,299.23	163,199,862.06	Long-term borrowings, Owner's funds	90.57 %			Not yet put into operation		
Total	--	--	--	16,868,030.09	202,037,125.31	--	--	0.00	0.00	--	--	--

4. Financial asset investment**(1) Securities investment**☐ Applicable ☒ Not applicable

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

(2) Derivative investment☐ Applicable ☒ Not applicable

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

5. Use of raised funds☐ Applicable ☒ Not applicable

The Company had no use of raised funds during the Reporting Period.

VII. 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

VIII. 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	502,247,294.51	390,196,569.40	237,557,469.65	12,085,690.30	11,133,239.30
HABITAT INTERNATIONAL CORPORATION	Subsidiary	Refrigerated transport	12,476,145.60	264,907,971.90	231,694,716.88	47,675,946.32	3,346,347.77	3,346,347.77
Shandong Zhonglu Haiyan Oceanic Fisheries Co., Ltd.	Subsidiary	Long range fishing	221,617,349.00	537,995,671.70	370,443,028.75	101,326,362.89	13,818,446.35	13,906,876.53

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 were RMB12,085,690.30, up 90.93% year-on-year, mainly due to an increase in production and sales volume of refined products in the current period compared with the same period last year.

HABITAT INTERNATIONAL CORPORATION: Operating profits for the Reporting Period were RMB-3,346,347.77, down 125.72% year-on-year, mainly due to the weak refrigerated transport market and vessel dry-docking repairs in the current period, which led to a year-on-year decline in income and profits.

Shandong Zhonglu Haiyan Oceanic Fisheries Co., Ltd.: Operating profits for the Reporting Period were RMB-13,818,446.35, up 38.08% year-on-year, mainly due to an increase in tuna prices compared with the same period last year, higher longline fishing production, lower unit costs, and higher gross profit.

IX. Structured Entities Controlled by the Company

☐ Applicable ☒ Not applicable

X. 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: develop new fishing grounds, perform scientific dispatching, upgrade fishing production equipment, and gradually update production vessels; make scientific and reasonable arrangements for logistics support for vessel maintenance, equipment repair, supplies, baits, spare parts, and personnel, and ensure the ship departure rate.
2. Risk of fuel cost fluctuations: Affected by multiple factors such as geopolitical tensions and supply-demand relations, international oil prices remain high and volatile, leading to a surge in fuel costs and consequently compressing profit margins. Countermeasures: rationally plan fuel procurement timing and quantities, conduct inquiries and comparisons with suppliers in advance to minimize fuel procurement costs; flexibly adjust production plans, consider periodic vessel floating or docking in ports to reduce fuel consumption and cost expenditures.
3. Exchange rate risk: In the first half of 2026, the US dollar and Japanese yen depreciated rapidly, adversely affecting export revenues settled in foreign currencies, and the exchange rate risk faced by the aquatic product processing business remains significant. Countermeasures: scientifically forecast exchange rate trends, manage exchange rate risk in accordance with the principle of exchange rate neutrality, and take corresponding measures against possible changes in exchange rates to reduce or avoid losses caused by exchange rate fluctuations.
4. Safety risk: The aging of vessels will cause productivity and market competitiveness to drop. Countermeasures: proactively drive the replacement of old vessels and optimize asset allocation to prevent potential safety hazards.

XI. Development and Implementation of Market Value Management System and Valuation Enhancement Plan

Has the Company developed a market value management system?

☒ Yes ☐ No

Has the Company disclosed a valuation enhancement plan?

☒ Yes ☐ No

According to calculations, from January 1, 2024, to December 31, 2024, the Company's stock experienced low-level fluctuations, with the closing price of each trading day remaining below the audited net asset value per share for 12 consecutive months, falling under the circumstances that require the formulation of a valuation enhancement plan. The 23rd Meeting (extraordinary session) of the Eighth Board of Directors reviewed and approved the *Valuation Enhancement Plan*. The Company will focus on enhancing operational business, building corporate image, strengthening shareholder returns, seeking restructuring opportunities, and establishing long-term incentive mechanisms to strive for an increase in the Company's investment value. For details, please refer to the *Valuation Enhancement Plan of Shandong Zhonglu Oceanic Fisheries Co., Ltd.* (Announcement No. 2025-05) published on the website of CNINFO www.cninfo.com.cn on March 1, 2025.

The Company's Market Value Management System was first reviewed and approved at the 23rd Meeting (extraordinary session) of the Eighth Board of Directors and was revised and approved at the 2nd Meeting of the Ninth Board of Directors. For details,

please refer to the *Market Value Management System of Shandong Zhonglu Oceanic Fisheries Co., Ltd.* published on the website of CNINFO www.cninfo.com.cn on March 1, 2025, and April 24, 2026, respectively.

XII. Implementation of the “Increasing Both Quality and Profit” Action Plan

Whether the Company disclosed an announcement on the “Increasing Both Quality and Profit” action plan.

☐Yes ☒No

Section IV Corporate Governance, Environmental, and Social

I. Information on the directors and senior management of the company

☒ Applicable ☐ Not applicable

Name	Position	Type	Date	Reason
Zhu Wei	Independent Director	Elected	January 15, 2026	Re-election
Li Yisheng	Employee Director	Elected	January 15, 2026	Re-election

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

☐ Applicable ☒ Not applicable

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

III. 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.

IV. Environmental Information Disclosure Status

Is the listed company and its major subsidiaries included in the list of enterprises subject to mandatory environmental information disclosure pursuant to the law?

☐ Yes ☒ No

V. Social Responsibility

(1) Serving rural revitalization

Proactively serving overall economic and social development, the Company selected one cadre to participate in the provincial-level "First Secretary" task force, actively contributing to serving rural revitalization and driving high-quality economic and social development.

(2) Fulfilling overseas social responsibilities

Zhonglu Ghana Representative Office actively participated in the "Back to School" charity project of the Tema East Education Foundation in Ghana and held two charity education donation events to support the development of local education.

(3) Practicing humanistic care

The Company regularly carried out activities such as visits and condolences to frontline crew members, recuperation and rest for frontline workers, assistance to needy employees, and vocational skills training. It also implemented care measures such as health check-ups for employees and honorary retirement ceremonies, effectively making employees feel the care and warmth of the enterprise.

(4) Carrying out volunteer activities

The Company organized staff to enter communities and participate in volunteer services such as voluntary blood donation, charitable donations, civilization advocacy, and community cleaning, contributing to the advancement of a spiritual civilization in the new era.

Section V Important Matters

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

☐Applicable ☒ Not applicable

There are no commitments made by the actual controllers, shareholders, related parties, acquirers, and other related parties of the company during the reporting period that have been fulfilled or have not been fulfilled by the end of the reporting period.

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

The Company had no external guarantees in violation of regulations.

IV. Appointment and dismissal of accounting firms

Has the semi-annual financial report been audited

☐Yes ☒No

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

V. Explanation of the board of directors on the "non-standard audit report" of the accounting firm for the reporting period

☐Applicable ☒ Not applicable

VI. Explanation by the board of directors on the relevant situation of the "non-standard audit report" of the previous year

☐Applicable ☒ Not applicable

VII. 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.

VIII. Litigation matters

Major litigation and arbitration matters

☐Applicable ☒ Not applicable

During this reporting period, the company has no major litigation or arbitration matters.

Other litigation matters

☐Applicable ☒ Not applicable

IX. Punishment and rectification

☐Applicable ☒ Not applicable

The Company did not receive any punishment or request for rectifications during the Reporting Period.

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

☐ Applicable ☒Not applicable

XI. 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

Whether there are non-operating related creditor's rights and debts

☐Yes ☒ No

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

5. Contacts with associated financial companies

☐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

There were no other significant related party transactions during the reporting period of the company.

XII. Significant contracts and their performance**1. Matters concerning trusteeship, contracting and leasing****(1) Trusteeship**

☒ Applicable ☐Not applicable

Explanation on trusteeship

April 2022 , the Company has been entrusted by Shandong State-owned Assets Investment Holding Co., Ltd. to manage its subsidiary Zhongtai Xincheng Asset Management Co., Ltd. (hereinafter referred to as "Zhongtai Xincheng"); as the shareholder proxy of Zhongtai Xincheng, the Company shall comply with relevant provisions of the entrusted management agreement.

Zhongtai Xincheng is not included in the scope of the Company's consolidated statements.

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

☐Applicable ☒ Not applicable

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

(2) Contracting status

☐Applicable ☒ Not applicable

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

(3) Lease situation

☐Applicable ☒ Not applicable

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

2. Major guarantee

☒ Applicable ☐Not applicable

Unit: RMB'0000

Guarantees provided by the Company and its subsidiaries (excluding guarantees for subsidiaries)										
Guarantee recipient	Announcement date of	Guarantee quota	Actual date of occurrence	Actual guarantee	Type of guarantee	Collateral (if any)	Counter-guarantee (if any)	Guarantee period	Whether fulfilled	Whether for related

	guarantee quota		ce	amount						party
Guarantees provided by the Company for its subsidiaries										
Guarantee recipient	Announcement date of guarantee quota	Guarantee quota	Actual date of occurrence	Actual guarantee amount	Type of guarantee	Collateral (if any)	Counter-guarantee (if any)	Guarantee period	Whether fulfilled	Whether for related party
Zhonglu Oceanic (Qingdao) Industrial Investment and Development Co., Ltd.	December 25, 2024	24,000	January 02, 2025	12,029.17	Joint and several guarantee			January 2, 2025 to January 1, 2045	No	No
Approval of total guarantee quota for subsidiaries during the reporting period (B1)				Total actual guarantee amount provided to subsidiaries during the reporting period (B2)		2,290.75				
Total approved guarantee quota for subsidiaries at the end of the reporting period (B3)		24,000		Total balance of guarantee provided to subsidiaries at the end of the reporting period (B4)		12,029.17				
Guarantees provided by subsidiaries to other subsidiaries										
Guarantee recipient	Announcement date of guarantee quota	Guarantee quota	Actual date of occurrence	Actual guarantee amount	Type of guarantee	Collateral (if any)	Counter-guarantee (if any)	Guarantee period	Whether fulfilled	Whether for related party
Total guarantees of the Company (total of the first three items)										
Approval of total guarantee quota during the reporting period (A1+B1+C1)				Total actual guarantee provided during the reporting period (A2+B2+C2)		2,290.75				
Total approved guarantee quota at the end of the reporting period (A3+B3+C3)		24,000		Total balance of guarantee at the end of the reporting period (A4+B4+C4)		12,029.17				
Percentage of total guarantees (i.e., A4+B4+C4) in the Company's net assets				11.44%						
Among which:										
Balance of guarantees provided to shareholders, actual controllers, and their related parties (D)				0						
Balance of debt guarantees provided directly				0						

or indirectly to guaranteed parties with an asset-liability ratio exceeding 70% (E)	
Portion of the total guarantee amount that exceeds 50% of net assets (F)	0
Total of the above three guarantee amounts (D+E+F)	0
Description of any guarantees during the reporting period where contingent liabilities have arisen or there is evidence suggesting possible joint liability fulfillment for unexpired guarantee contracts (if any)	None
Explanation of any external guarantees provided in violation of prescribed procedures (if any)	None

3. Entrusted financial management

☐ Applicable ☒ Not applicable

There was no entrusted wealth management 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.

XIII. Registration Form for Surveys, Communications, Interviews, and Other Activities Conducted During the Reporting Period

☒ Applicable ☐ Not applicable

Time of engagement	Place of engagement	Method of engagement	Type of subject engaged	Subject engaged	Main topics discussed and materials provided	Index to basic details of the survey
January 12, 2026	Online	Phone communication	Individual	Individual investor	Information about the Company's production and operations; no materials were provided	None
January 14, 2026	Online	Phone communication	Individual	Individual investor	Information about the Company's production and operations; no materials were provided	None
January 26, 2026	Online	Phone communication	Individual	Individual investor	Information about the Company's production and operations; no	None

					materials were provided	
January 30, 2026	Online	Phone communication	Individual	Individual investor	Information about the Company's production and operations; no materials were provided	None
May 6, 2026	Online	Phone communication	Individual	Individual investor	Information about the Company's production and operations; no materials were provided	None
June 8, 2026	Online	Phone communication	Individual	Individual investor	Information about the Company's production and operations; no materials were provided	None
June 29, 2026	Online	Phone communication	Individual	Individual investor	Information about the Company's production and operations; no materials were provided	None

XIV. Notes to other major items

☐Applicable ☒ Not applicable

During the Reporting Period, the Company did not have other significant events to explain.

XV. Significant events of the Company's subsidiaries

☐Applicable ☒ Not applicable

Section VI Changes in Shares and Information on Shareholders

I. 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
I.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	48.04%						127,811,320	48.04%
Shares held by domestic legal persons	260,000	0.09%						260,000	0.09%
Shares held by foreign legal persons									
Other									
2. Raising legal person shares									
3. Internal staff shares									
4. Preferred stock or other									
II. 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									
III. 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

Implementation progress of share repurchase

☐Applicable ☒ Not applicable

Implementation progress of reducing share repurchase through centralized bidding

☐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**☐Applicable ☒ Not applicable**III. Number of shareholders and shareholding status of the Company**

Unit: share

Total number of ordinary shareholders at the end of	8,464	Total number of preferred shareholders with voting	0
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the reporting period			rights restored at the end of the reporting period (if any) (see note 8)					
Shareholding status of shareholders holding 5% or more of shares or top 10 shareholders (excluding shares lent through securities lending)								
Shareholder name	Nature of shareholders	Shareholding ratio	Number of shares held at the end of the reporting period	Increase/decrease changes during the reporting period	Number of non-tradable shares held	Number of tradable shares held	Pledge, Mark or Frozen Situation	
							Share Status	Quantity
Shandong State-owned Assets Investment Holding Co., Ltd.	State-owned legal person	47.25%	125,731,320		125,731,320		Not applicable	
Zhu Shuzhen	Domestic natural person	2.17%	5,785,504	161057		5,785,504	Not applicable	
Chen Tianming	Foreign natural person	2.16%	5,760,427			5,760,427	Not applicable	
Zhan Hanbin	Domestic natural person	2.11%	5,625,200	42869		5,625,200	Not applicable	
Cai Yujiu	Domestic natural person	1.75%	4,669,000			4,669,000	Not applicable	
Chen Cirou	Domestic natural person	1.53%	4,065,600	350500		4,065,600	Not applicable	
China National Heavy Duty Truck Group Co., Ltd.	State-owned legal person	0.73%	1,950,000		1,950,000		Not applicable	
Lin Mingyu	Domestic natural person	0.47%	1,240,000	-124201		1,240,000	Not applicable	
Chen Zhongming	Domestic natural person	0.41%	1,080,100	17900		1,080,100	Not applicable	
Huang Jiayi	Foreign natural person	0.39%	1,033,987			1,033,987	Not applicable	
Circumstances where strategic investors or general legal persons became top 10 shareholders due to new share allotments (if any) (See Note 3)		None						
Explanation on the related relationship or concerted action of aforesaid shareholders		The Company is not aware of whether any association exists between them or whether they constitute persons acting in concert as defined in the <i>Administration Measures on Takeover of Listed Companies</i> .						
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 11)	None		
Shareholding details of top 10 tradable share holders (excluding shares lent through securities and executive lock-up shares)			
Shareholder name	Number of tradable shares held at the end of the reporting period	Type of shares	
		Type of shares	Quantity
Zhu Shuzhen	5,785,504	Domestic listed foreign shares	5,785,504
Chen Tianming	5,760,427	Domestic listed foreign shares	5,760,427
Zhan Hanbin	5,625,200	Domestic listed foreign shares	5,625,200
Cai Yujiu	4,669,000	Domestic listed foreign shares	4,669,000
Chen Cirou	4,065,600	Domestic listed foreign shares	4,065,600
Lin Mingyu	1,240,000	Domestic listed foreign shares	1,240,000
Chen Zhongming	1,080,100	Domestic listed foreign shares	1,080,100
Huang Jiayi	1,033,987	Domestic listed foreign shares	1,033,987
Liu Xinghui	854,211	Domestic listed foreign shares	854,211
Fang Xiaozhou	828,343	Domestic listed foreign shares	828,343
Explanation of associations or acting in concert among the top 10 shareholders with unrestricted tradable shares, and between the top 10 shareholders with unrestricted tradable shares 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 <i>Administration Measures on Takeover of Listed Companiess</i> .		
Note for the top 10 ordinary shareholders participating in margin trading (if any) (see Note 4)	None		

Participation in the lending of shares through securities lending by shareholders holding more than 5% of the shares, the top 10 shareholders, and the top 10 holders of unlimited circulating shares

☐Applicable ☒ Not applicable

Change from the previous period resulting from securities lending/returning by the top 10 shareholders and the top 10 holders of unlimited circulating shares

☐Applicable ☒ Not applicable

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.

IV. Changes in Shareholding of Directors and Senior Management

☐Applicable ☒ Not applicable

There has been no change in shareholding situation of the company's directors and senior management personnel during the reporting period, as detailed in the 2025 annual report.

V. Changes in controlling shareholders or actual controllers

Has the company previously disclosed that the actual controller is planning a change of control but has not yet completed it? If so, please explain the progress of the change of control.

☐Applicable ☒ Not applicable

Changes in controlling shareholders during the reporting period

☐Applicable ☒ Not applicable

There has been no change in the controlling shareholder of the company during the reporting period.

Changes in actual controller during the reporting period

☐Applicable ☒ Not applicable

There has been no change in the actual controller of the company during the reporting period.

VI. Preferred Shares

☐Applicable ☒ Not applicable

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

Section VII Bonds

☐Applicable ☒ Not applicable

Section VIII Financial Report

I. Audit Report

Has the semi-annual report been audited

☐Yes ☒No

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

II. Financial Statements

The monetary unit of the financial statements in the financial notes is: RMB

1. Consolidated balance sheet

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

June 30, 2026

Unit: RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	233,352,220.34	313,096,173.70
Settlement provisions		
Lending funds		
Trading financial assets		
Derivative financial assets		
Notes receivable		
Accounts receivable	42,660,126.67	77,973,714.62
Accounts receivable financing		
Prepayments	23,460,418.74	17,625,072.87
Premium receivable		
Accounts receivable reinsurance		
Reinsurance contract reserve receivable		
Other receivables	89,554,044.25	105,905,380.86
Including: Interest receivable		
Dividends receivable		
Buying back the sale of financial assets		
Inventory	458,315,899.30	381,905,920.98
Including: data resources		
Contract assets		
Assets held for sale		
Non-current assets maturing within one year		

Other current assets	20,300,693.58	28,152,443.26
Total current assets:	867,643,402.88	924,658,706.29
Non-current assets:		
Issuance of loans and advances		
Debt investment		
Other debt investments		
Long-term receivables		
Long-term equity investment	239,987.08	441,892.08
Other equity instrument investments		
Other non-current financial assets		
Investment real estate	24,141,587.69	24,804,626.03
Fixed assets	893,074,353.16	927,820,225.94
Construction in progress	235,979,273.52	205,135,249.27
Productive biological assets		
Oil and gas assets		
Right of use assets		
Intangible assets	57,163,623.38	57,909,522.26
Including: data resources		
Development expenditure		
Including: data resources		
Goodwill		
Long-term deferred expenses	4,483,445.13	2,575,291.62
Deferred tax assets	1,145,493.06	1,238,499.80
Other non-current assets	18,286,457.24	23,629,081.65
Total non-current assets	1,234,514,220.26	1,243,554,388.65
Total assets	2,102,157,623.14	2,168,213,094.94
Current liabilities:		
Short-term loans	16,010,400.00	16,022,933.34
Borrowing from the Central Bank		
Borrowing funds		
Trading financial liabilities		
Derivative financial liabilities		
Notes payable	15,000,000.00	56,979,768.40
Accounts payable	73,449,328.93	82,543,681.42
Advance payment	1,319,438.37	1,201,097.79
Contract liabilities	58,602,167.88	8,866,554.08
Financial assets sold for repurchase		
Deposit taking and interbank deposits		
Acting trading securities		
Acting underwriting securities		
Employee compensation payable	46,159,422.61	77,123,782.16
Taxes and fees payable	5,936,743.42	8,704,199.41

Other payables	28,210,173.38	24,571,935.67
Including: Interest payable		
Dividends payable	5,234,835.31	5,234,835.31
Handling fees and commissions payable		
Accounts payable reinsurance		
Held for sale liabilities		
Non-current liabilities maturing within one year	17,529,833.33	16,679,833.33
Other current liabilities	11,770.97	19,248.74
Total current liabilities	262,229,278.89	292,713,034.34
Non-current liabilities:		
Insurance contract reserves		
Long-term loans	475,177,847.78	461,379,416.23
Bonds payable		
Including: Preferred stock		
Perpetual bonds		
Lease liabilities		
Long-term accounts payable		
Long-term employee compensation payable	485,064.74	492,653.89
Estimated liabilities		
Deferred income	51,796,291.97	53,112,953.91
Deferred tax liability	2,100,902.90	2,176,093.44
Other non-current liabilities		
Total non-current liabilities	529,560,107.39	517,161,117.47
Total liabilities	791,789,386.28	809,874,151.81
Owner's equity:		
Capital stock	266,071,320.00	266,071,320.00
Other equity instruments		
Including: Preferred stock		
Perpetual bonds		
Capital reserve	295,620,272.02	295,620,272.02
Less: Treasury stock		
Other comprehensive income	-13,331,235.02	-6,329,745.36
Special reserves	136,001.20	19,038.84
Surplus reserves	21,908,064.19	21,908,064.19
General risk provision		
Undistributed profits	480,802,871.90	517,377,265.93
Total owner's equity attributable to the parent company	1,051,207,294.29	1,094,666,215.62
Minority shareholders' equity	259,160,942.57	263,672,727.51
Total owner's equity	1,310,368,236.86	1,358,338,943.13
Total liabilities and owner's equity	2,102,157,623.14	2,168,213,094.94

Legal representative: Wang Huan, Person in charge of accounting work: Fu Chuanhai, Person in charge of accounting agency: Lei Lixin

2. Balance sheet of the parent company

Unit: RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	120,958,954.50	74,170,229.10
Trading financial assets		
Derivative financial assets		
Notes receivable		
Accounts receivable	2,355,971.27	6,772,591.41
Accounts receivable financing		
Prepayments	10,131,903.10	10,971,776.11
Other receivables	165,825,490.33	212,781,089.97
Including: Interest receivable		
Dividends receivable		26,199,905.76
Inventory	94,603,844.67	76,451,519.66
Including: data resources		
Contract assets		
Assets held for sale		
Non-current assets maturing within one year		
Other current assets	1,342,345.94	1,329,559.32
Total current assets	395,218,509.81	382,476,765.57
Non-current assets:		
Debt investment		
Other debt investments		
Long-term receivables		
Long-term equity investment	328,189,455.23	328,189,455.23
Other equity instrument investments		
Other non-current financial assets		
Investment real estate	24,141,587.69	24,804,626.03
Fixed assets	453,313,395.92	469,077,286.57
Construction in progress	3,099,092.79	
Productive biological assets		
Oil and gas assets		
Right of use assets		
Intangible assets		
Including: data resources		
Development expenditure		
Including: data resources		
Goodwill		
Long-term deferred expenses	1,445,436.75	1,545,122.07
Deferred tax assets		

Other non-current assets		
Total non-current asset	810,188,968.38	823,616,489.90
Total assets	1,205,407,478.19	1,206,093,255.47
Current liabilities:		
Short-term loans		
Trading financial liabilities		
Derivative financial liabilities		
Notes payable		
Accounts payable	12,882,522.61	16,261,029.71
Advance receipts	1,319,438.37	1,201,097.79
Contract liabilities	41,081,765.30	2,520,624.96
Employee compensation payable	14,967,714.18	24,030,505.61
Taxes and fees payable	382,564.43	1,028,651.33
Other payables	195,553,202.82	178,191,959.02
Including: Interest payable		
Dividends payable		
Held for sale liabilities		
Non-current liabilities maturing within one year	17,529,833.33	16,679,833.33
Other current liabilities		
Total current liabilities	283,717,041.04	239,913,701.75
Non-current liabilities:		
Long-term loans	354,790,914.07	363,995,237.04
Bonds payable		
Including: Preferred stock		
Perpetual bonds		
Lease liabilities		
Long-term accounts payable		
Long-term employee compensation payable	428,721.93	428,721.93
Estimated liabilities		
Deferred income	39,528,539.83	40,282,403.35
Deferred tax liability		
Other non-current liabilities		
Total non-current liabilities	394,748,175.83	404,706,362.32
Total liabilities	678,465,216.87	644,620,064.07
Owner's equity:		
Capital stock	266,071,320.00	266,071,320.00
Other equity instruments		
Including: Preferred stock		
Perpetual bonds		
Capital reserve	279,115,900.17	279,115,900.17
Less: Treasury stock		
Other comprehensive income		
Special reserve		

Surplus reserves	19,184,672.34	19,184,672.34
Undistributed profits	-37,429,631.19	-2,898,701.11
Total owner's equity	526,942,261.32	561,473,191.40
Total liabilities and owner's equity	1,205,407,478.19	1,206,093,255.47

3. Consolidated income statement

Unit: RMB

Item	Half year of 2026	Half year of 2025
I. Total operating income	410,581,705.72	677,380,077.49
Including: Operating income	410,581,705.72	677,380,077.49
Interest income		
Earned premium		
Handling fee and commission income		
II. Total operating costs	452,600,344.15	694,829,251.66
Including: Operating costs	403,248,048.82	657,100,642.65
Interest expenses		
Handling fees and commission expenses		
Surrender deposit		
Net compensation expenses		
Net amount of insurance liability reserve withdrawn		
Expenditures dividend policy		
Reinsurance expenses		
Taxes and surcharges	1,467,723.93	1,762,684.52
Sales expenses	1,892,976.36	1,971,307.26
Administrative expenses	28,370,121.32	28,243,483.54
R&D expenses	1,366,353.02	1,856,396.41
Financial expenses	16,255,120.70	3,894,737.28
Including: Interest expenses	4,542,753.58	5,583,036.73
Interest income	549,308.27	655,252.31
Plus: Other income	1,991,066.10	1,480,732.47
Investment income (loss , using "-")	-291,046.67	-231,502.46
Including: Investment income from associates and joint ventures	-201,905.00	-231,502.46
Income from derecognition of financial assets measured at amortized cost		
Exchange gains (losses, using "-")		
Net exposure hedging income (loss, using "-")		
Income from changes in fair		

value (loss , using "-")		
Credit impairment loss (loss , using "-")	4,278,361.71	-121,000.69
Asset impairment loss (loss , using "-")	-2,039,274.87	-3,604,352.83
Asset disposal income (loss , using "-")		-12,608.53
III. Operating profit (loss , using "-")	-38,079,532.16	-19,937,906.21
Plus: Non-operating income		220.00
Less: Non-operating expenses	157,528.37	18,503.26
IV. Total profit (total loss, using "-")	-38,237,060.53	-19,956,189.47
Less: Income tax expenses	966,105.34	1,065,757.84
V. Net profit (net loss, using "-")	-39,203,165.87	-21,021,947.31
(I) Classified by business continuity		
1.Net profit from continuing operations (net loss , using "-")	-39,203,165.87	-21,021,947.31
2.Net profit from discontinuing operations (net loss , using "-")		
(II) Classification by ownership		
1.Net profit attributable to shareholders of the parent company (net loss, using "-")	-36,574,394.03	-13,337,046.26
2.Minority shareholder gains and losses (net loss, using "-")	-2,628,771.84	-7,684,901.05
VI. After-tax net amount of other comprehensive income	-8,884,502.76	-1,310,030.90
After-tax net amount of other comprehensive income attributable to the owner of the parent company	-7,001,489.66	-1,048,590.51
(I) Other comprehensive income that cannot be reclassified into profit or loss		
1.Changes in remeasurement of defined benefit plans		
2.Other comprehensive income that cannot be transferred to gain or loss under the equity method		
3.Changes in fair value of other equity instrument investments		
4.Changes in fair value of enterprise's own credit risk		
5.Others		
(II) Other comprehensive income to be reclassified into profit or loss	-7,001,489.66	-1,048,590.51
1.Other comprehensive income that can be transferred to profit or loss under the equity method		
2.Changes in fair value of other credit investments		
3.Reclassification of financial assets into other comprehensive income		
4.Credit impairment provision of other debt investments		
5.Cash flow hedging reserves		
6.Translation differences in foreign	-7,001,489.66	-1,048,590.51

currency financial statements		
7.Others		
After-tax net amount of other comprehensive income attributable to minority shareholders	-1,883,013.10	-261,440.39
VII. Total comprehensive income	-48,087,668.63	-22,331,978.21
Total comprehensive income attributable to the owners of the parent company	-43,575,883.69	-14,385,636.77
Total comprehensive income attributable to minority shareholders	-4,511,784.94	-7,946,341.44
VIII. Earnings per share:		
(I) Basic earnings per share	-0.1375	-0.0501
(II) Diluted earnings per share	-0.1375	-0.0501

Legal representative: Wang Huan, Person in charge of accounting work: Fu Chuanhai, Person in charge of accounting agency: Lei Lixin

4. Profit statement of the parent company

Unit: RMB

Item	Half year of 2026	Half year of 2025
1. Operating income	62,858,790.76	151,361,686.78
Less: Operating costs	75,606,062.64	150,269,922.87
Taxes and surcharges	658,951.68	722,163.95
Sales expenses	258,330.60	123,937.48
Administrative expenses	14,674,481.72	13,256,539.76
R&D expenses		264,416.64
Financial expenses	9,564,108.63	8,485,568.70
Including: Interest expenses	6,001,788.31	6,651,961.74
Interest income	264,345.16	295,898.97
Plus: Other income	1,321,375.66	783,919.99
Investment income (loss , using "-")		
Including: Investment income from associates and joint ventures		
Income from derecognition of financial assets measured at amortized cost (loss , using "-")		
Net exposure hedging income (loss , using "-")		
Income from changes in fair value (loss , using "-")		
Credit impairment loss (loss , using "-")	2,051,602.95	323,283.99
Asset impairment loss (loss , using "-")		
Asset disposal income (loss , using "-")		
II. Operating profit (loss , using "-")	-34,530,165.90	-20,653,658.64
Plus: Non-operating income		220.00

Less: Non-operating expenses	764.18	
III. Total profit (total loss , using "-")	-34,530,930.08	-20,653,438.64
Less: Income tax expenses		
IV. Net profit (net loss , using "-")	-34,530,930.08	-20,653,438.64
(I) Net profit from continuing operations (net loss , using "-")	-34,530,930.08	-20,653,438.64
(2) Net profit from discontinuing operations (net loss, using "-")		
V.After-tax net amount of other comprehensive income		
(I) Other comprehensive income that cannot be reclassified into profit or loss		
1.Remeasured changes in defined benefit plans		
2.Other comprehensive income that cannot be transferred to gain or loss under the equity method		
3.Changes in fair value of other equity instrument investments		
4.Changes in fair value of enterprise's own credit risk		
5. Others		
(II) Other comprehensive income to be reclassified into profit or loss		
1. Other comprehensive income that can be transferred to profit or loss under the equity method		
2.Changes in fair value of other credit investments		
3.Financial assets reclassified into other comprehensive income		
4.Provision for credit impairment of other debt investments		
5.Cash flow hedging reserves		
6. Translated differences in foreign currency financial statements		
7. Others		
VI. Total comprehensive income	-34,530,930.08	-20,653,438.64
VII. Earnings per share:		
(I) Basic earnings per share		
(II) Diluted earnings per share		

5.Consolidated cash flow statement

Unit: RMB

Item	Half year of 2026	Half year of 2025
I. Cash flow generated from operating activities:		
Cash received from selling goods and providing services	464,037,211.64	677,505,058.47
Net increase in customer deposits and interbank deposits and loans		
Net increase in borrowings from the Central Bank		

Net increase in borrowing funds from other financial institutions		
Cash received from original insurance contract premiums		
Net cash received from reinsurance business		
Net increase in insured deposits and investments		
Cash received for interest, handling fees, and commissions		
Net increase in borrowing funds		
Net increase in repurchase business funds		
Net cash received from proxy trading of securities		
Received refunds of taxes	22,418,185.11	34,406,365.62
Received other cash related to operating activities	21,206,686.97	12,888,250.44
Subtotal of cash inflows from operating activities	507,662,083.72	724,799,674.53
Cash paid for purchasing goods and receiving services	426,889,536.09	532,510,631.91
Net increase in customer loans and advances		
Net increase in deposits with Central Bank and interbank funds		
Cash paid for compensation under the original insurance contract		
Net increase in lending funds		
Cash paid for interest, handling fees, and commissions		
Cash paid for policy dividends		
Cash paid to and on behalf of employees	93,406,420.27	89,460,617.18
Various taxes and fees paid	6,249,687.26	5,371,920.89
Other cash payments related to operating activities	12,981,244.31	14,851,240.53
Subtotal of cash outflows from operating activities	539,526,887.93	642,194,410.51
Net cash flow generated from operating activities	-31,864,804.21	82,605,264.02
II. Cash flow generated from investment activities		
Cash received from investment recovery		
Cash received from obtaining investment income		
Net cash received from disposal of fixed assets, intangible assets, and other long-term assets	96,807.39	7,242.00
Net cash received from disposal of subsidiaries and other business units		
Received other cash related to investment activities		

Subtotal of cash inflows from investment activities	96,807.39	7,242.00
Cash paid for the purchase and construction of fixed assets, intangible assets, and other long-term assets	30,880,732.65	73,143,426.28
Cash paid for investment		
Net increase in pledged loans		
Net cash paid for acquiring subsidiaries and other business units		
Other cash payments related to investment activities		
Subtotal of cash outflows from investment activities	30,880,732.65	73,143,426.28
Net cash flow generated from investment activities	-30,783,925.26	-73,136,184.28
III. Cash flow generated from financing activities:		
Cash received from absorbing investments		
Including: Cash received from subsidiaries absorbing minority shareholder investments		
Cash received from obtaining loans	23,000,000.00	67,291,702.81
Received other cash related to financing activities	7,410,858.33	
Subtotal of cash inflows from financing activities	30,410,858.33	67,291,702.81
Cash paid for debt repayment	8,289,916.67	36,689,916.67
Cash paid for distributing dividends, profits, or paying interest	7,936,092.07	8,086,669.23
Including: Dividends and profits paid by subsidiaries to minority shareholders		100,000.00
Other cash payments related to financing activities		
Subtotal of cash outflows from financing activities	16,226,008.74	44,776,585.90
Net cash flow generated from financing activities	14,184,849.59	22,515,116.91
IV. The impact of exchange rate changes on cash and cash equivalents	-10,290,189.28	6,166,362.76
V. Net increase in cash and cash equivalents	-58,754,069.16	38,150,559.41
Plus: Opening balance of cash and cash equivalents	284,306,289.50	249,437,263.40
VI. Closing balance of cash and cash equivalents	225,552,220.34	287,587,822.81

6. Cash flow statement of the parent company

Unit: RMB

Item	Half year of 2026	Half year of 2025
I. Cash flow generated from operating activities:		
Cash received from selling goods and providing services	88,588,184.49	139,710,490.08

Received refunds of taxes		
Received other cash related to operating activities	416,552,390.34	506,157,948.89
Subtotal of cash inflows from operating activities	505,140,574.83	645,868,438.97
Cash paid for purchasing goods and receiving services	45,318,282.37	84,468,614.85
Cash paid to and on behalf of employees	27,725,422.21	26,776,135.41
Various taxes and fees paid	808,572.35	903,122.81
Other cash payments related to operating activities	395,131,829.12	471,444,970.37
Subtotal of cash outflows from operating activities	468,984,106.05	583,592,843.44
Net cash flow generated from operating activities	36,156,468.78	62,275,595.53
II. Cash flow generated from investment activities:		
Cash received from investment recovery		
Cash received from obtaining investment income	26,029,422.02	
Net cash received from disposal of fixed assets, intangible assets, and other long-term assets		
Net cash received from disposal of subsidiaries and other business units		
Received other cash related to investment activities	26,029,422.02	
Subtotal of cash inflows from investment activities	2,825,618.05	14,303,451.39
Cash paid for the purchase and construction of fixed assets, intangible assets, and other long-term assets		
Cash paid for investment		
Net cash paid for acquiring subsidiaries and other business units		
Other cash payments related to investment activities		
Subtotal of cash outflows from investment activities	2,825,618.05	14,303,451.39
Net cash flow generated from investment activities	23,203,803.97	-14,303,451.39
III. Cash flow generated from financing activities:		
Cash received from absorbing investments		
Cash received from obtaining loans		
Received other cash related to financing activities	6,988,328.10	28,318,078.04
Subtotal of cash inflows from financing activities	6,988,328.10	28,318,078.04
Cash paid for debt repayment	8,289,916.67	6,689,916.67
Cash paid for distributing dividends, profits, or paying interest	6,066,194.61	6,694,237.77
Other cash payments related to financing activities	5,194,927.34	35,611,054.66

Subtotal of cash outflows from financing activities	19, 551, 038. 62	48, 995, 209. 10
Net cash flow generated from financing activities	-12, 562, 710. 52	-20, 677, 131. 06
IV. The impact of exchange rate changes on cash and cash equivalents	-8, 836. 83	-69. 64
V. Net increase in cash and cash equivalents	46, 788, 725. 40	27, 294, 943. 44
Plus: Opening balance of cash and cash equivalents	74, 170, 229. 10	86, 879, 615. 80
VI. Closing balance of cash and cash equivalents	120, 958, 954. 50	114, 174, 559. 24

7. Consolidated statement of changes in owner's equity

Amount of current period

Unit: RMB

Item	Half year of 2026														
	Total owner's equity attributable to the parent company													Minority shareholder's equity	Total owner's equity
	Capital stock	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk provision	Undistributed profit	Others	Subtotal		
Preferred stock		Perpetual bonds	Others												
I. Closing balance of previous year	266,071,320.00				295,620,272.02		-6,329,745.36	19,038.84	21,908,064.19		517,377,265.93		1,094,666,215.62	263,672,727.51	1,358,38,943.13
Plus: Changes in accounting policies															
Early error correction															
Others															
II. Opening balance of this year	266,071,320.00				295,620,272.02		-6,329,745.36	19,038.84	21,908,064.19		517,377,265.93		1,094,666,215.62	263,672,727.51	1,358,38,943.13
III. Increase or decrease in the current period (decrease , using "-")							-7,001,489.66	116,962.36			-36,574,394.03		-43,458,921.33	-4,511,784.94	-47,970,706.27
(I) Total comprehensive income							-7,001,489.66				-36,574,394.03		-43,575,883.69	-4,511,784.94	-48,087,668.63
(II) Capital invested and reduced by owners															

1. Ordinary shares invested by owners															
2. Capital invested by holders of other equity instruments															
3. Amount of share-based payments recognized in owner's equity															
4. Others															
(III) Profit distribution															
1. Withdrawal of surplus reserves															
Withdrawal of general risk provisions															
3. Distribution to owners (or shareholders)															
4. Others															
(IV) Internal carryover of owner's equity															
Capitalization of capital reserves into capital (or capital stock)															
2. Surplus reserves converted into capital (or capital stock)															
3. Surplus reserves to cover losses															

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4. Carryover of changes in defined benefit plans to retained earnings															
5. Other comprehensive income carried forward to retained earnings															
6. Others															
(V) Special reserves								116,962.36					116,962.36		116,962.36
1. Withdrawal in current period								1,628,426.94					1,628,426.94		1,628,426.94
2. Current usage								1,511,464.58					1,511,464.58		1,511,464.58
(VI) Others															
IV. Closing balance of the current period	266,071,320.00				295,620,272.02		-13,331,235.02	136,001.20	21,908,064.19		480,802,871.90		1,051,207,294.29	259,160,942.57	1,310,368,236.86

Amount of previous year

Unit: RMB

Item	Half year of 2025														
	Total owner's equity attributable to the parent company													Minority shareholder's equity	Total owner's equity
	Capital stock	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk provision	Undistributed profit	Others	Subtotal		
Preferred stock		Perpetual bonds	Others												
I. Closing balance of previous year	266,071,320.00				295,620,272.02		-313,223.04		21,908,064.19		483,904,313.48		1,067,190,746.65	258,277,578.10	1,325,468,324.75
Plus: Changes in accounting policies															
Early error correction															

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Others															
II. Opening balance of this year	266,071,320.00				295,620,272.02		-313,223.04		21,908,064.19		483,904,313.48		1,067,190,746.65	258,277,578.10	1,325,468,324.75
III. Increase or decrease in the current period (decrease , using "-")							-1,048,590.51	327,504.96			-13,337,046.26		-14,058,131.81	-7,946,341.44	-22,004,473.25
(I) Total comprehensive income							-1,048,590.51				-13,337,046.26		-14,385,636.77	-7,946,341.44	-22,331,978.21
(II) Capital invested and reduced by owners															
1. Ordinary shares invested by owners															
2. Capital invested by holders of other equity instruments															
3. Amount of share-based payments recognized in owner's equity															
4. Others															
Profit distribution															
1. Withdrawal of surplus reserves															
Withdrawal of general risk provisions															
3. Distribution to owners (or shareholders)															
4. Others															

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(IV) Internal carryover of owner's equity															
Capitalization of capital reserves into capital (or capital stock)															
2.Surplus reserves converted into capital (or capital stock)															
3. Surplus reserves to cover losses															
4.Carryover of changes in defined benefit plans to retained earnings															
5. Other comprehensive income carried forward to retained earnings															
6. Others															
(V)Special reserves								327,504.96					327,504.96		327,504.96
1.Withdrawal in current period								1,060,866.45					1,060,866.45		1,060,866.45
2. Current usage								733,361.49					733,361.49		733,361.49
(VI) Others													0.00		0.00
IV. Closing balance of the current period	266,071,320.00				295,620,272.02		-1,361,813.55	327,504.96	21,908,064.19		470,567,267.22		1,053,132,614.84	250,331,236.66	1,303,463,851.50

8. Statement of changes in owner's equity of the parent company

Amount of current period

Unit: RMB

Item	Half year of 2026											
	Capital stock	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profit	Others	Total Total owner's equity
		Preferred stock	Perpetual bonds	Others								
I. Closing balance of previous year	266,071,320.00				279,115,900.17				19,184,672.34	-2,898,701.11		561,473,191.40
Plus: Changes in accounting policies												
Early error correction												
Others												
II. Opening balance of this year	266,071,320.00				279,115,900.17				19,184,672.34	-2,898,701.11		561,473,191.40
III. Increase or decrease in the current period (decrease , using "-")										-34,530,930.08		-34,530,930.08
(I) Total comprehensive income										-34,530,930.08		-34,530,930.08
(II) Capital invested and reduced by owners												
1. Ordinary shares invested by owners												
2. Capital invested by holders of other equity instruments												

3. Amount of share-based payments recognized in owner's equity												
4. Others												
(III) Profit distribution												
1. Withdrawal of surplus reserves												
2. Distribution to owners (or shareholders)												
3. Others												
(IV) Internal carryover of owner's equity												
1. Capitalization of capital reserves into capital (or share capital)												
2. Surplus reserves converted into capital (or capital stock)												
3. Surplus reserves to cover losses												
4. Carryover of changes in defined benefit plans to retained earnings												
5. Other comprehensive income carried forward to retained earnings												
6. Others												

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(V) Special reserve												
1. Withdrawal in current period												
2. Current usage												
(VI) Others												
IV. Closing balance of the current period	266,071,320.00				279,115,900.17				19,184,672.34	-37,429,631.19		526,942,261.32

Amount of previous year

Unit: RMB

Item	Half year of 2025											
	Capital stock	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profit	Others	Total Total owner's equity
		Preferred stock	Perpetual bonds	Others								
I. Closing balance of previous year	266,071,320.00				279,115,900.17				19,184,672.34	-19,035,479.54		545,336,412.97
Plus: Changes in accounting policies												
Early error correction												
Others												
II. Opening balance of this year	266,071,320.00				279,115,900.17				19,184,672.34	-19,035,479.54		545,336,412.97
III. Increase or decrease in the current period (decrease , using "-")										-20,653,438.64		-20,653,438.64
(I) Total comprehensive income										-20,653,438.64		-20,653,438.64
(II) Capital invested and reduced by												

owners												
1. Ordinary shares invested by owners												
2. Capital invested by holders of other equity instruments												
3. Amount of share-based payments recognized in owner's equity												
4. Others												
(III)Profit distribution												
1. Withdrawal of surplus reserves												
2. Distribution to owners (or shareholders)												
3. Others												
(IV) Internal carryover of owner's equity												
1. Capitalization of capital reserves into capital (or share capital)												
2. Surplus reserves converted into capital (or capital stock)												
3. Surplus reserves to cover losses												
4. Carryover of changes in defined benefit plans to												

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retained earnings												
5. Other comprehensive income carried forward to retained earnings												
6. Others												
(V) Special reserve												
1. Withdrawal in current period												
2. Current usage												
(VI) Others												
IV. Closing balance of the current period	266,071,320.00				279,115,900.17				19,184,672.34	-39,688,918.18		524,682,974.33

III. Basic Information of the Company

1. Registered capital, registered address, type of organization, and address of head office

Shandong Zhonglu Oceanic Fisheries Co., Ltd. (hereinafter referred to as “Company” or “the Company”) has a registered capital of RMB 266,071,300 and registered address at Unit 2501, Building 1, 31 Xianxialing Road, Laoshan District, Qingdao, Shandong. It is a company limited by shares that was incorporated by means of promotion by Shandong Provincial Aquatic Products Group Corporation as the main promoter on July 30, 1999 under the approval of the Shandong Commission for Structural Reforms with LTGZ [1999] No. 85. The Company was listed on the Shenzhen Stock Exchange on July 24, 2000, under the approval of the China Securities Regulatory Commission with ZJFXZ [2000] No. 82 on June 26, 2000. The short stock name and stock code of the Company are “Zhonglu B” and “200992,” respectively.

The Company’s organizational structure is as follows: Annual General Meeting, Board of Directors; General Manager’s Office (CPC Committee’s Office), Chairman’s Office, Human Resource Department (Organization Department), Financial Management Department (Capital Operation Department), Corporate Development Department (Risk Control Department), Audit Department, Oceanic Management Department, Discipline Committee’s Office and Party-Mass Work Department.

2. Nature of business and primary operating activities actually conducted

The Company’s main products: tuna and tuna products.

The Company’s business scope: general business items: processing and sales of aquatic products; commodity imports and exports within the approved scope; the production and sales of machine ice; the manufacturing, installation, and maintenance of refrigeration equipment; freezing and cold storage; loading, unloading and handling services; property leases. Pre-licensed business items: offshore and long range fishing.

3. Name of the parent company and the ultimate parent company

The Company’s parent company is Shandong State-owned Assets Investment Holding Co., Ltd.

4. Approver of the financial report and date of approval

This financial report was approved for release according to the resolution of the Company’s Board of Directors dated August 24, 2026.

IV. 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.

V. 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:

<u>Item</u>	<u>Position disclosed in the notes to this Financial Statements</u>	<u>Importance criteria determination method and selection basis</u>
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.

<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 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

Consolidation category	Basis for confirming the consolidation	Method of measuring expected credit losses
		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 Recoverable 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>Annual depreciation rate or</u>
		<u>rate</u>	<u>amortization rate</u>

<u>Name</u>	<u>Service life</u>	<u>Estimated net residual value</u>	<u>Annual depreciation rate or</u> <u>rate</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.

An investment property shall be derecognized on disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Proceeds from the sale, transfer, retirement, or destruction of the investment property deducting its carrying amount and related taxes shall be recognized in profit or loss for the current period.

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 usable 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	2-10 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.

(4) Onerous contract

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. When a contract to be fulfilled becomes an onerous contract, and the obligations arising from it meets the aforementioned recognition conditions of provisions, the portion of the estimated contract loss that exceeds the recognized impairment loss (if any) on the subject assets of the contract shall be recognized as a provision.

(5) Constructive obligation

For detailed formal restructuring plans that have been announced, the direct expenses related to restructuring shall be recognized as the provision amount, provided that the aforementioned recognition conditions of provisions are met. [For constructive obligations in the sale of part of a business, restructuring-related obligations are recognized only when the Company promises to sell part of its business (that is, a binding sale agreement has been executed).]

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

① The Company started to implement the No. 17 of the Accounting Standards for Business Enterprises Interpretation “on the division between current and non-current liabilities” in 2024. The accounting policy change has no effect on the Company’s financial statements.

② The Company started to implement the Interpretation of No. 17 of the Accounting Standards for Business Enterprises Interpretation “on accounting treatment for sale and leaseback transactions” in 2024 and made retrospective application to the sale and leaseback transactions conducted after January 1, 2021. The accounting policy change has no effect on the Company’s financial statements.

③ The Company started to implement the No. 18 of the Accounting Standards for Business Enterprises Interpretation “on accounting treatment for warranty-type quality assurance that does not belong to the individual performance.” The warranty-type quality assurance that does not belong to the individual performance accrued by the Company was originally recognized in “selling expenses.” In accordance with Article 2 of the No. 18 ASBE Interpretation, it is now recognized in “cost of sales” and “other operating costs,” which is presented in the “operating costs” in the income statement. The accounting policy change has no effect on the Company’s financial statements.

(2) Changes in important accounting estimates

None.

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

The Company determines its operating segments based on internal organizational structure, management requirements, and internal reporting systems, and identifies reportable segments on the basis of operating segments. The financial information of each reportable segment, including revenue, cost of sales, total assets, and total liabilities, is disclosed in the notes to the financial statements. If the Company is unable to disclose the total assets or total

liabilities of each reportable segment, the reasons shall be provided. An operating segment refers to a component of the Company that meets all of the following conditions:

VI. 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%
<u>YAW ADDO FISHERIES COMPANY LIMITED</u>	According to the local regulations of Ghana, the export part is taxed at 8%, and the domestic part is taxed at 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 3 million yuan shall be included in the taxable income at a reduced rate of 25%, and the taxable income shall be included at 20% .The subsidiary Shandong Zhonglu Aquatic Products Shipping Co., Ltd. shall apply the tax preference.

VII. Notes to consolidated financial statement items

1. Monetary funds

Unit: RMB

Item	Closing balance	Opening balance
Cash on hand	550,558.13	615,541.90
Bank deposit	225,001,662.21	283,690,747.60
Other monetary funds	7,800,000.00	28,789,884.20
Total	233,352,220.34	313,096,173.70
Including: total amount of funds deposited overseas	50,185,316.97	141,966,335.85

Note: Funds kept overseas represent cash and bank deposits of foreign subsidiaries; other cash and cash equivalents are guarantee deposits for notes and letters of guarantee.

2. Notes receivable

(1) Notes receivable that have been endorsed or discounted by the company at the end of the period but have not yet matured on the balance sheet date

Unit: RMB

Item	Amount of termination recognition at the end of the period	Amount of non-termination recognition at the end of the period
Banker's acceptance	15,000,000.00	
Total	15,000,000.00	

3. Accounts receivable

(1) Disclosure by aging

Unit: RMB

Aging	Closing book balance	Opening book balance
Within 1 year (included)	43,476,833.16	81,084,925.29
0-6 months	43,240,730.47	78,934,032.24
6 months - 1 year	236,102.69	2,150,893.05
1-2 years	761,365.66	1,349,915.10
2-3 years	1,340,265.90	211,279.40
More than 3 years	6,625,052.92	6,501,141.07
Total	52,203,517.64	89,147,260.86

(2) Disclosure by bad debt accrual

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Accrual ratio		Amount	Proportion	Amount	Accrual ratio	
Among them:										
Accounts receivable accrued for bad debts by combination	52,203,517.64	100.00%	9,543,390.97	18.28%	42,660,126.67	89,147,260.86	100.00%	11,173,546.24	12.53%	77,973,714.62
Among them:										
Aging combination	52,203,517.64	100.00%	9,543,390.97	18.28%	42,660,126.67	89,147,260.86	100.00%	11,173,546.24	12.53%	77,973,714.62
Total	52,203,517.64	100.00%	9,543,390.97	18.28%	42,660,126.67	89,147,260.86	100.00%	11,173,546.24	12.53%	77,973,714.62

Category name of bad debt provision accrued by group: Aging combination

Unit: RMB

Name	Closing balance		
	Book balance	Bad debt provision	Accrual ratio

Accounts receivable accrued for bad debts by combination	52,203,517.64	9,543,390.97	18.28%
Total	52,203,517.64	9,543,390.97	

If the bad debt provision of accounts receivable is made based on the general model of expected credit losses:

☐Applicable ☒ Not applicable

(3) Bad debt provisions accrued, recovered or reversed in the current period

Accrual for bad debt provisions in the current period:

Unit: RMB

Category	Opening balance	Change amount of current period				Closing balance
		Accrual	Recovery or reversal	Write off	Others	
Bad debts of accounts receivable	11,173,546.24	-1,585,506.41		8,000.00	-36,648.86	9,543,390.97
Total	11,173,546.24	-1,585,506.41		8,000.00	-36,648.86	9,543,390.97

(4)Top five accounts receivable and contract assets in terms of closing balance summarized by debtor

Accounts receivable of the top five closing balance collected by the debtor

Unit: RMB

Name of entity	Closing balance accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Proportion in the total closing balance of accounts receivable and contract assets	Closing balance of bad debt provision for accounts receivable and impairment provision for contract assets
A	6,053,727.40		6,053,727.40	11.60%	302,686.37
B	3,600,962.12		3,600,962.12	6.90%	3,600,962.12
C	3,288,330.00		3,288,330.00	6.30%	164,416.50
D	3,166,977.30		3,166,977.30	6.07%	158,348.87
E	3,016,497.20		3,016,497.20	5.78%	150,824.86
Total	19,126,494.02		19,126,494.02	36.65%	4,377,238.72

4. Other receivables

Unit: RMB

Item	Closing balance	Opening balance
Other receivables	89,554,044.25	105,905,380.86
Total	89,554,044.25	105,905,380.86

(1) Other receivables

1) Classification of other receivables by nature of payment

Unit: RMB

Nature of payment	Closing book balance	Opening book balance
Earnest money	383,897.69	2,085,454.62

Dealings and others	111,184,544.62	128,550,878.97
Total	111,568,442.31	130,636,333.59

2) Disclosure by aging

Unit: RMB

Aging	Closing book balance	Opening book balance
Within 1 year (included)	71,874,480.35	71,885,732.81
0-6 months	14,045,682.05	70,798,681.01
6 months - 1 year	57,828,798.30	1,087,051.80
1-2 years	33,109,602.47	53,220,842.35
2-3 years	1,915,677.85	827,395.34
More than 3 years	4,668,681.64	4,702,363.09
Total	111, 568, 442. 31	130, 636, 333. 59

3) Disclosure by accrual method of bad debt provision☒ Applicable ☐ Not applicable

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Accrual ratio		Amount	Proportion	Amount	Accrual ratio	
Among them:										
Bad debt provision accrued by group	111,568,442.31	100.00%	22,014,398.06	19.73%	89,554,044.25	130,636,333.59	100.00%	24,730,952.73	18.93%	105,905,380.86
Among them:										
Aging combination	111,568,442.31	100.00%	22,014,398.06	19.73%	89,554,044.25	130,636,333.59	100.00%	24,730,952.73	18.93%	105,905,380.86
Total	111,568,442.31	100.00%	22,014,398.06	19.73%	89,554,044.25	130,636,333.59	100.00%	24,730,952.73	18.93%	105,905,380.86

Category name of bad debt provision accrued by group: Aging combination

Unit: RMB

Name	Closing balance		
	Book balance	Bad debt provision	Accrual ratio
Bad debt provision accrued by group	111,568,442.31	22,014,398.06	19.73%
Total	111,568,442.31	22,014,398.06	

Accrual of bad debt provision by general model of expected credit loss:

Unit: RMB

Bad debt provision	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss for the next 12 months	Expected credit loss for the entire duration (no credit impairment has	Expected credit loss for the entire duration (credit impairment has	

		occurred)	occurred)	
Balance on January 1, 2026	20,028,589.64		4,702,363.09	24,730,952.73
Balance on January 1, 2026 in current period				
Accrual of current period	-2,659,173.84		-33,681.46	-2,692,855.30
Other changes	-23,699.37			-23,699.37
Balance on June 30, 2026	17,345,716.43		4,668,681.63	22,014,398.06

Changes in book balance with significant changes in loss reserves during the current period

☐ Applicable ☒ Not applicable

4) Provision, recovery, or reversal of bad debt allowance during the current period

Provision of bad debt allowance during the current period:

Unit: RMB

Category	Opening balance	Change amount of current period				Closing balance
		Accrual	Recovery or reversal	Write-offs	Others	
Bad debts of other receivables	24,730,952.73	-2,692,855.30			-23,699.37	22,014,398.06
Total	24,730,952.73	-2,692,855.30			-23,699.37	22,014,398.06

5) Other accounts receivable with the top five closing balance collected by the debtor

Unit: RMB

Name of entity	Nature of payment	Closing balance	Aging	Proportion to total closing balance of other receivables	Closing balance of bad debt provision
Laoshan District Agriculture and Rural Affairs Bureau, Qingdao	Government grants	88,287,931.00	6 months to 1 year, 1 to 2 years	79.13%	15,297,913.30
Zhang Zhicheng	Advances for medical treatment	1,133,589.42	0 to 3 years	1.02%	363,144.84
Shandong State-owned Assets Investment Holding Co., Ltd.	Trusteeship fee	900,000.00	0 to 6 months	0.81%	45,000.00
MRL LIMITED	Earnest money	886,275.00	2 to 3 years	0.79%	443,137.50
Shandong Tianzong Culture Media Co., Ltd.	Platform operation payment	299,000.00	More than 3 years	0.27%	299,000.00
Total		91,506,795.42		82.02%	16,448,195.64

5. Advance payments

(1) Presentation of advance payments by aging

Unit: RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	23,114,749.73	98.53%	17,319,421.36	98.27%
1-2 years	315,462.56	1.34%	296,696.82	1.68%
2-3 years	30,206.45	0.13%	8,951.88	0.05%
More than 3 years			2.81	0.00%
Total	23,460,418.74		17,625,072.87	

(2) Top five advance payments in terms of closing balance summarized by payee

Company name	Relationship with the Group	Closing balance	Proportion in the total amount	Advance payment time	Reasons for non-settlement
A	Non-affiliate	8,292,177.00	35.35%	2026	Not reached the settlement period
B	Non-affiliate	5,662,470.97	24.14%	2026	Not yet fully amortized
C	Non-affiliate	3,526,011.00	15.03%	2026	Not reached the settlement period
D	Non-affiliate	2,181,600.00	9.30%	2026	Not yet fully amortized
E	Non-affiliate	2,088,035.75	8.90%	2026	Not yet fully amortized
Total		21,750,294.72	92.71%		

6. Inventory

Does the company need to comply with disclosure requirements in the real estate industry

No

(1) Category of inventories

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Inventory falling price reserve or contract performance cost impairment provision	Book value	Book balance	Inventory falling price reserve or contract performance cost impairment provision	Book value
Raw material	204,858,288.96	3,791,269.75	201,067,019.21	188,879,786.63	5,166,031.66	183,713,754.97
Commodities in stock	252,667,703.05	5,894,911.40	246,772,791.65	212,748,925.25	21,737,464.61	191,011,460.64

Turnover materials	1,341,405.13		1,341,405.13	1,256,319.95		1,256,319.95
Contract performance cost	8,995,613.65		8,995,613.65	5,785,199.65		5,785,199.65
Low value consumables	139,069.66		139,069.66	139,185.77		139,185.77
Total	468,002,080.45	9,686,181.15	458,315,899.30	408,809,417.25	26,903,496.27	381,905,920.98

(2) Inventory falling price reserves and contract performance cost impairment provisions

Unit: RMB

Item	Opening balance	Increased amount in the current period		Decreased amount in the current period		Closing balance
		Accrual	Others	Reversal or resale	Others	
Raw materials	5,166,031.66			1,374,761.91		3,791,269.75
Commodities in stock	21,737,464.61	2,039,274.87		17,881,828.08		5,894,911.40
Total	26,903,496.27	2,039,274.87		19,256,589.99		9,686,181.15

7. Other current assets

Unit: RMB

Item	Closing balance	Opening balance
Input tax amount to be deducted for value-added tax	20,121,191.87	27,973,475.15
Advance payment of income taxes	168,508.42	167,437.36
Prepaid other taxes	10,993.29	11,530.75
Total	20,300,693.58	28,152,443.26

8. Long-term equity investment

Unit: RMB

Invested entity	Opening balance (book value)	Opening balance of impairment provision	Increase/decrease in current period								Closing balance (book value)	Closing balance of impairment provision
			Additi onal invest ment	Reduci ng invest ment	Invest ment profit and loss recogn ized under the equity metho d	Other compr ehensi ve incom e adjust ments	Other equity change s	Declar ing the distrib ution of cash divide nds or profits	Accrual of impair ment provisi on	Others		
I.Joint venture												
II.Associated enterprise												
Jinan	441.89				-						239.98	

Qinzhen Food Technology Co., Ltd.	2.08				201,905.00						7.08	
Subtotal	441,892.08				-201,905.00						239,987.08	
Total	441,892.08				-201,905.00						239,987.08	

Recoverable amount to be determined according to the net amount of fair value after deducting disposal expenses

☐Applicable ☒ Not applicable

Recoverable amount to be determined according to the present value of estimated future cash flows

☐Applicable ☒ Not applicable

9. Investment real estate

(1) Investment real estate using cost measurement model

☒ Applicable ☐ Not applicable

Unit: RMB

Item	House and building	Land use right	Construction in progress	Total
I. Original book value				
1. Opening balance	51,308,578.35			51,308,578.35
2. Increased amount in current period				
(1) Outsourcing				
(2) Transferred from inventory, fixed assets, and construction in progress				
(3) Increase in business merger				
3. Current decrease amount				
(1) Disposal				
Other transfers out				
4. Closing balance	51,308,578.35			51,308,578.35
II. Accumulated depreciation and amortization				
1. Opening balance	25,617,440.26			25,617,440.26
2. Increased	663,038.34			663,038.34

amount in current period				
(1)Accrual or amortization	663,038.34			663,038.34
3.Current decrease amount				
(1)Disposal				
(2)Other transfers out				
4.Closing balance	26,280,478.60			26,280,478.60
III. Impairment provision				
1.Opening balance	886,512.06			886,512.06
2.Increased amount in the current period				
Accrual				
3.Current decrease amount				
(1)Disposal				
(2)Other transfers out				
4.Closing balance	886,512.06			886,512.06
IV.Book value				
1.Closing book value	24,141,587.69			24,141,587.69
2.Opening book value	24,804,626.03			24,804,626.03

Recoverable amount to be determined according to the net amount of fair value after deducting disposal expenses

☐Applicable ☒ Not applicable

Recoverable amount to be determined according to the present value of estimated future cash flows

☐Applicable ☒ Not applicable

(2) Investment property measured at fair value

☐Applicable ☒ Not applicable

(3) Investment real estate without obtaining property ownership certificate

Unit: RMB

Item	Book value	Reason for not completing the property rights certificate
Housing and buildings	24,107,154.16	See Note VII, 10(3)

10. Fixed assets

Unit: RMB

Item	Closing balance	Opening balance
Fixed assets	893,074,353.16	927,820,225.94
Total	893,074,353.16	927,820,225.94

(1) Fixed assets

Unit: RMB

Item	Houses and buildings	Ships and nets	Machines and equipment	Transportation equipment	Furniture and office equipment	Total
I.Original book value:						
1.Opening balance	196,057,489.62	1,235,456,214.71	66,884,187.58	10,578,077.34	12,226,793.86	1,521,202,763.11
2.Increased amount in the current period		12,612,913.69	43,075.22		111,121.65	12,767,110.56
(1)Purchase		12,612,913.69	43,075.22		111,121.65	12,767,110.56
(2)Transferred from construction in progress						
(3)Increase in business merger						
3.Current decrease amount	33,279.75	17,575,076.47	343,336.21	164,755.91	349,276.85	18,465,725.19
(1)Disposal or scrapping		3,643,953.75	317,406.45		320,661.36	4,282,021.56
Effect of exchange rate changes	33,279.75	13,931,122.72	25,929.76	164,755.91	28,615.49	14,183,703.63
4.Closing balance	196,024,209.87	1,230,494,051.93	66,583,926.59	10,413,321.43	11,988,638.66	1,515,504,148.48
II.Accumulated depreciation						
1.Opening balance	67,964,296.85	463,894,590.00	42,127,032.99	8,891,980.18	10,347,063.65	593,224,963.67
2.Increased amount in current period	2,788,648.93	32,387,129.09	1,640,575.85	138,530.92	250,922.01	37,205,806.80
(1)Accrual	2,788,648.93	32,387,129.09	1,640,575.85	138,530.92	250,922.01	37,205,806.80
3.Current decrease		7,462,973.62	286,095.84	90,777.08	318,702.11	8,158,548.65

amount						
(1)Disposal or scrapping		3,508,405.85	283,149.19		287,077.50	4,078,632.54
Effect of exchange rate changes		3,954,567.77	2,946.65	90,777.08	31,624.61	4,079,916.11
4.Closing balance	70,752,945.78	488,818,745.47	43,481,513.00	8,939,734.02	10,279,283.55	622,272,221.82
III.Impairment provision						
1.Opening balance		157,573.50				157,573.50
2.Increased amount in current period						
(1)Accrual						
3.Current decrease amount						
(1)Disposal or scrapping						
4.Closing balance		157,573.50				157,573.50
IV.Book value						
1.Closing book value	125,271,264.09	741,517,732.96	23,102,413.59	1,473,587.41	1,709,355.11	893,074,353.16
2.Opening book value	128,093,192.77	771,404,051.21	24,757,154.59	1,686,097.16	1,879,730.21	927,820,225.94

(2) Information of temporarily idle fixed assets

Unit: RMB

Item	Original book value	Accumulated depreciation	Impairment provision	Book value	Remark
Machinery and equipment	2,179,020.00	1,961,118.00		217,902.00	
Vessels	45,999,481.94	32,890,282.86		13,109,199.08	

(3) Fixed assets without obtaining property ownership certificate

Unit: RMB

Item	Book value	Reason for not obtaining the property rights certificate
Houses and buildings	1,139,603.09	See explanation

Other notes

According to the "Debt Repayment Opinion" signed between our company and Shandong Provincial Aquatic Products Group Corporation in April 2006, as well as the "Civil Ruling" (2005) LZZ No. 1299 of the People's Court of Lixia District, Jinan City, Shandong Provincial Aquatic Products Group Corporation offset the debt owed by its office complex building and office supplies located at No. 43, Heping Road, Lixia District, Jinan City to Shandong Zhonglu Oceanic Fisheries Co., Ltd. The confirmed original book value of the office complex building is RMB54,223,132.40. As of June 30, 2026, the book value is RMB25,246,757.25 (of which the self-use portion is included in fixed assets and the leased portion is included in investment real estate). The land used for this property is an allocated land, and the property ownership certificate has not yet been obtained.

(4) Impairment testing of fixed assets

☐Applicable ☒ Not applicable

11. Construction in progress

Unit: RMB

Item	Closing balance	Opening balance
Construction in progress	235,979,273.52	205,135,249.27
Total	235,979,273.52	205,135,249.27

(1) Construction in progress

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Atlantic Seining project	4,077,658.55	4,077,658.55		4,077,658.55	4,077,658.55	
Zhonglu Marine Innovation Industry Park project	232,880,180.73		232,880,180.73	205,050,797.71		205,050,797.71
Seiner overhaul	3,099,092.79		3,099,092.79			
other				84,451.56		84,451.56
Total	240,056,932.07	4,077,658.55	235,979,273.52	209,212,907.82	4,077,658.55	205,135,249.27

(2) Changes in important ongoing construction projects for the current period

Unit: RMB

Name of item	Budget amount	Opening balance	Increase d amount in current period	Amount transferr ed to fixed assets in the current period	Other decrease s in the current period	Closing balance	Proporti on of accumul ated project investm ent to budget	Project progress	Accumu lated amount of interest capitaliz ation	Among them: Current interest capitaliz ation amount	Current interest capitaliz ation rate	Source of funds
Tuna	51,000	37,539	1,297,			38,837	76.15	65.67	4,863,	655,63	3.45%	other

Trading Center	,000.00	,532.39	730.86			,263.25	%	%	678.84	5.23		
No.5 Cold Storage	174,010,000.00	147,629,562.83	15,570,299.23			163,199,862.06	93.79%	90.57%	10,314,346.12	2,353,658.52	2.84%	other
Total	225,010,000.00	185,169,095.22	16,868,030.09			202,037,125.31			15,178,024.96	3,009,293.75		

(3) Impairment testing of construction in progress□Applicable ☒ Not applicable**12. Intangible assets****(1) Intangible assets**

Unit: RMB

Item	Land use right	Patent right	Non-patent technology	Computer software	Total
I.Original book value					
1.Opening balance	69,409,842.26			2,335,115.89	71,744,958.15
2.Increased amount in current period					
(1) Purchase					
(2)Internal R&D					
(3)Increase in business merger					
3.Current decrease amount					
(1)Disposal					
4.Closing balance	69,409,842.26			2,335,115.89	71,744,958.15
II. Accumulated amortization					
1.Opening balance	11,707,405.36			2,128,030.53	13,835,435.89
2.Increased amount in current period	714,486.42			31,412.46	745,898.88
(1)Accrual	714,486.42			31,412.46	745,898.88

3.Current decrease amount					
(1)Disposal					
4.Closing balance	12,421,891.78			2,159,442.99	14,581,334.77
III.Impairment provision					
1.Opening balance					
2.Increased amount in current period					
(1)Accrual					
3.Current decrease amount					
(1)Disposal					
4.Closing balance					
IV.Book value					
1.Closing book value	56,987,950.48			175,672.90	57,163,623.38
2.Opening book value	57,702,436.90			207,085.36	57,909,522.26

The proportion of intangible assets generated from the Company's internal R&D activities as a percentage of the balance of intangible assets as of the end of the current period is 0.00%.

(2) Impairment testing of intangible assets

☐Applicable ☒ Not applicable

13. Long-term deferred expenses

Unit: RMB

Item	Opening balance	Increased amount in current period	Amortized amount in current period	Other decreased amount	Closing balance
Decoration for business premises	2,206,810.38		266,499.81		1,940,310.57
Decoration for the tuna science museum	368,481.24		245,654.22		122,827.02
Vessel dry-docking		2,525,538.31	105,230.77		2,420,307.54
Total	2,575,291.62	2,525,538.31	617,384.80		4,483,445.13

14. Deferred income tax assets/deferred income tax liabilities**(1) Deferred income tax assets not offset**

Unit: RMB

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Bad debt provision	1,134,146.78	229,965.36	1,156,930.27	235,661.23
Deferred income	3,662,110.80	915,527.70	4,011,354.26	1,002,838.57
Total	4,796,257.58	1,145,493.06	5,168,284.53	1,238,499.80

(2) Deferred income tax liabilities not offset

Unit: RMB

Item	Closing balance		Opening balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Pre-tax deductions for the accelerated depreciation of fixed assets	8,403,611.60	2,100,902.90	8,704,373.77	2,176,093.44
Total	8,403,611.60	2,100,902.90	8,704,373.77	2,176,093.44

(3) Deferred income tax assets or liabilities listed at net amount after offsetting

Unit: RMB

Item	Deferred income tax assets and liabilities offset at the end of the period	Closing balance of deferred income tax assets or liabilities after offsetting	Deferred income tax assets and liabilities offset at the end of the period	Opening balance of deferred income tax assets or liabilities after offsetting
Deferred income tax assets		1,145,493.06		1,238,499.80
Deferred income tax liabilities		2,100,902.90		2,176,093.44

(4) Details of unconfirmed deferred income tax assets

Unit: RMB

Item	Closing balance	Opening balance
Deductible temporary differences	44,187,481.95	65,728,723.52
Deductible losses	12,512,551.57	
Total	56,700,033.52	65,728,723.52

(5) Deductible losses for which deferred tax assets are not recognized will become due in the following years

Unit: RMB

Year	Closing amount	Opening amount	Remark
2031	12,512,551.57		
Total	12,512,551.57		

15. Other non-current assets

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Prepaid land payment	2,000,000.00		2,000,000.00	2,000,000.00		2,000,000.00
Advance payment for construction in progress and equipment	16,286,457.24		16,286,457.24	21,629,081.65		21,629,081.65
Total	18,286,457.24		18,286,457.24	23,629,081.65		23,629,081.65

16. Assets with ownership or right-of-use restrictions

Unit: RMB

Item	End of period				Beginning of period			
	Book balance	Book value	Type of restriction	Information of restriction	Book balance	Book value	Type of restriction	Information of restriction
Monetary funds	7,800,000.00	7,800,000.00	Guarantee deposits for notes and letters of guarantee		28,789,884.20	28,789,884.20	Guarantee deposits for notes and letters of guarantee	
Fixed assets	473,692,267.44	425,373,763.77	Mortgage loans		473,692,267.44	432,974,053.41	Mortgage loans	
Intangible assets	52,255,113.26	47,552,152.82	Mortgage loans		52,255,113.26	48,074,703.98	Mortgage loans	
Construction in progress	220,235,411.15	220,235,411.15	Mortgage loans		194,062,840.63	194,062,840.63	Mortgage loans	
Total	753,982,791.85	700,961,327.74			748,800,105.53	703,901,482.22		

17. Short-term loans

(1) Category of short-term loans

Unit: RMB

Item	Closing balance	Opening balance
Credit loans	16,010,400.00	16,022,933.34
Total	16,010,400.00	16,022,933.34

18. Notes payable

Unit: RMB

Type	Closing balance	Opening balance
Banker's acceptance	15,000,000.00	56,979,768.40
Total	15,000,000.00	56,979,768.40

19. Accounts payable**(1) Presentation of accounts payable**

Unit: RMB

Item	Closing balance	Opening balance
Within 1 year (included)	65,581,183.67	77,509,149.94
Over 1 year	7,868,145.26	5,034,531.48
Total	73,449,328.93	82,543,681.42

20. Other payables

Unit: RMB

Item	Closing balance	Opening balance
Dividends payable	5,234,835.31	5,234,835.31
Other payables	22,975,338.07	19,337,100.36
Total	28,210,173.38	24,571,935.67

(1) Dividends payable

Unit: RMB

Item	Closing balance	Opening balance
Dividends from ordinary shares	5,234,835.31	5,234,835.31
Total	5,234,835.31	5,234,835.31

(2) Other payables**1) Presentation of other payables by account nature**

Unit: RMB

Item	Closing balance	Opening balance
Earnest money and deposits	5,432,085.83	5,518,240.83
Staff costs	5,491,785.66	912,274.58
Production safety costs	2,570,414.62	1,708,525.48
Others	9,481,051.96	11,198,059.47
Total	22,975,338.07	19,337,100.36

2) Other payables with an aging of over 1 year or overdue

Unit: RMB

Item	Closing balance	Reasons for non-settlement or non-repayment
Earnest money	5,000,000.00	Not yet due for settlement
Total	5,000,000.00	

21. Advance receipts

(1) Presentation of advance receipts

Unit: RMB

Item	Closing balance	Opening balance
Advance rent collection	1,319,438.37	1,201,097.79
Total	1,319,438.37	1,201,097.79

22. Contract liabilities

Unit: RMB

Item	Closing balance	Opening balance
Advances from customers	58,602,167.88	8,866,554.08
Total	58,602,167.88	8,866,554.08

23. Payroll payable

(1) Presentation of payroll payable

Unit: RMB

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
I.Short -term compensation	75,425,048.83	73,420,510.47	105,385,445.87	43,460,113.43
II.Post employment benefits - defined contribution plan	1,698,733.33	7,296,856.48	6,297,245.78	2,698,344.03
III.Dismissal benefits		184,072.00	184,072.00	
IV.Other benefits due within one year		7,589.15	6,624.00	965.15
Total	77,123,782.16	80,909,028.10	111,873,387.65	46,159,422.61

(2) Presentation of short-term salary

Unit: RMB

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
1.Salaries, bonuses, allowances, and	73,758,691.95	66,602,207.84	98,534,590.29	41,826,309.50

subsidies				
2.Employee welfare expenses		979,978.42	979,978.42	
3.Social insurance premiums		2,923,453.12	2,923,453.12	
Including: Medical insurance premiums		2,632,007.26	2,632,007.26	
Work injury insurance premium		291,445.86	291,445.86	
4.Housing provident fund		2,519,147.26	2,519,147.26	
5.Trade union funds and employee education funds	1,666,356.88	395,723.83	428,276.78	1,633,803.93
Total	75,425,048.83	73,420,510.47	105,385,445.87	43,460,113.43

(3) Presentation of defined contribution plans

Unit: RMB

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
1.Basic pension insurance		5,139,878.57	5,139,878.57	
2. Unemployment insurance premium		223,948.39	223,948.39	
3.Enterprise annuity payment	1,694,771.33	1,766,482.80	766,872.10	2,694,382.03
Social insurance and subsidies for retirees	3,962.00	166,546.72	166,546.72	3,962.00
Total	1,698,733.33	7,296,856.48	6,297,245.78	2,698,344.03

24. Tax payable

Unit: RMB

Item	Closing balance	Opening balance
Value added tax	195,393.14	313,943.05
Enterprise income tax	580,292.11	1,132,290.71
Personal income tax	136,580.26	724,602.15
Urban maintenance and construction tax	6,343.64	17,069.51
Property tax	371,518.59	376,654.33
Land use tax	323,569.87	323,569.87
Education surcharges	3,123.57	12,192.49
Withholding tax	4,238,001.66	5,617,389.27
Other taxes and fees	81,920.58	186,488.03
Total	5,936,743.42	8,704,199.41

25. Non current liabilities maturing within one year

Unit: RMB

Item	Closing balance	Opening balance
Long-term borrowings due within one year	17,529,833.33	16,679,833.33
Total	17,529,833.33	16,679,833.33

26. Other current liabilities

Unit: RMB

Item	Closing balance	Opening balance
Output tax on advances from customers	11,770.97	19,248.74
Total	11,770.97	19,248.74

27. Long-term loans**(1) Category of long-term loans**

Unit: RMB

Item	Closing balance	Opening balance
Mortgage loan	42,437,887.35	41,243,862.50
Guaranteed Loan	93,090,416.67	94,601,062.50
Mortgage and guaranteed loan	357,179,377.09	342,214,324.56
Less: long-term borrowings due within one year	-17,529,833.33	-16,679,833.33
Total	475,177,847.78	461,379,416.23

Notes to the classification of long-term loans:

Note 1: The collateral for the mortgage loans is the properties located at Rooms 2501-2506, Building 1, Guoxin Financial Center, No. 31 Xianxialing Road, Laoshan District, with real estate certificate numbers Lu (2022) Qingdao Laoshan District Real Estate Rights No. 0051706, No. 0051707, No. 0051708, No. 0051709, No. 0051710, and No. 0051711, respectively, with a book value of RMB61,048,409.07.

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

Note 3: The collateral for the mortgage and guaranteed loans consists of: the purse seine vessels "Tailong 7" and "Tailong 9," with a book value of RMB338,619,850.72; fishing vessels "Luqing Yuanyu 367" and "Luqing Yuanyu 368," with a book value of RMB25,705,503.98; the Zhonglu Marine Innovation Industry Park project under construction, with a book value of RMB220,235,411.15; and the land use right of Zhonglu Oceanic (Qingdao) Industrial Investment and Development Co., Ltd., with real estate certificate number Lu (2022) Jiaozhou Real Estate Rights No. 0000267, with a book value of RMB47,552,152.82. The guarantors are Shandong Zhonglu Haiyan Oceanic Fisheries Co., Ltd. and Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd.

28. Long-term employee compensation payable

(1) Long term employee payroll payable

Unit: RMB

Item	Closing balance	Opening balance
II. Dismissal benefits	428,721.93	428,721.93
III. Other long-term benefits	56,342.81	63,931.96
Total	485,064.74	492,653.89

29. Deferred income

Unit: RMB

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance	Cause
Government subsidies	53,112,953.91		1,316,661.94	51,796,291.97	Government subsidies related to assets
Total	53,112,953.91		1,316,661.94	51,796,291.97	

30. Capital stock

Unit: RMB

	Opening balance	Increase/decrease for this change (+, -)					Closing balance
		Issue of new shares	Stock dividend	Conversion of provident fund into shares	Others	Subtotal	
Total number of shares	266,071,320.00						266,071,320.00

31. Capital reserves

Unit: RMB

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Capital premium (share capital premium)	189,093,492.79			189,093,492.79
Other capital reserve	106,526,779.23			106,526,779.23
Total	295,620,272.02			295,620,272.02

32. Other comprehensive income

Unit: RMB

Item	Opening balance	Amount incurred in current period						Closing balance
		Amount incurred before income tax in the current period	Less: previously included in other comprehensive income and transferred to profit or loss in the current period	Less: Previously included in other comprehensive income, and transferred to retained earnings in the current period	Less: Income tax expense	Attributable to the parent company after tax	Attributable to minority shareholders after tax	
II.Other comprehensive income to be reclassified into profit or loss	- 6,329,745.36	- 8,884,502.76				- 7,001,489.66	- 1,883,013.10	- 13,331,235.02
Translation differences in foreign currency financial statements	- 6,329,745.36	- 8,884,502.76				- 7,001,489.66	- 1,883,013.10	- 13,331,235.02
Total of other comprehensive income	- 6,329,745.36	- 8,884,502.76				- 7,001,489.66	- 1,883,013.10	- 13,331,235.02

33. Special reserves

Unit: RMB

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
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Safe production expense	19,038.84	1,628,426.94	1,511,464.58	136,001.20
Total	19,038.84	1,628,426.94	1,511,464.58	136,001.20

34. Surplus reserves

Unit: RMB

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Statutory surplus reserve	21,908,064.19			21,908,064.19
Total	21,908,064.19			21,908,064.19

35. Undistributed profits

Unit: RMB

Item	Current period	Previous period
Undistributed profits at the end of the previous period before adjustment	517,377,265.93	483,904,313.48
Undistributed profits at the beginning of the adjustment period	517,377,265.93	483,904,313.48
Plus: Net profit attributable to the owners of the parent company in the current period	-36,574,394.03	-13,337,046.26
Undistributed profit at the end of the period	480,802,871.90	470,567,267.22

36. Operating income and operating costs

Unit: RMB

Item	Amount incurred in the current period		Amount incurred in the previous period	
	Income	Cost	Income	Cost
Main business	405,859,371.95	402,144,628.18	672,380,621.32	655,996,952.87
Other businesses	4,722,333.77	1,103,420.64	4,999,456.17	1,103,689.78
Total	410,581,705.72	403,248,048.82	677,380,077.49	657,100,642.65

Disaggregated information of operating income and operating costs:

Unit: RMB

Contract classification	Segment 1		Segment 2		Product sales revenue		OEM processing revenue		Cold storage fee revenue		Refrigerated transport revenue		Other business revenue		Property lease and others		Total	
	Revenue	Cost	Revenue	Cost	Revenue	Cost	Revenue	Cost	Revenue	Cost	Revenue	Cost	Revenue	Cost	Revenue	Cost	Revenue	Cost

Business type																		
By timing of transfer of goods																		
Among them:																		
Recognized at a point in time					344,447,721.34	343,225,665.51	2,538,474.74	2,245,645.60					2,081,005.39	79,420.37			349,067,201.47	345,550,731.48
Recognized over a period of time									3,203,829.24	3,846,598.45	55,669,346.63	52,826,718.62	849,056.58	14,954.14	1,792,271.80	1,009,046.13	61,514,504.25	57,697,317.34
Total					344,447,721.34	343,225,665.51	2,538,474.74	2,245,645.60	3,203,829.24	3,846,598.45	55,669,346.63	52,826,718.62	2,930,061.97	94,374.51	1,792,271.80	1,009,046.13	410,581,705.72	403,248,805.82

37. Taxes and surcharge

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in previous period
Urban maintenance and construction tax	43,117.99	49,511.03
Education surcharges	18,466.92	20,674.26
Property tax	938,396.85	976,826.92
Land use tax	253,794.94	253,794.94
Vehicle and vessel use tax	12,295.64	12,635.48
Stamp duty	189,340.30	434,581.32
Local education surcharge	12,311.29	14,660.57
Total	1,467,723.93	1,762,684.52

38. Administrative expenses

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in previous period
Employee compensation	18,744,889.49	17,518,864.13
Accumulated depreciation and amortization	3,079,660.28	3,350,785.47
Travel expenses	805,294.19	657,996.35
Business entertainment expenses	218,344.68	256,023.57
Vehicle cost	385,616.37	330,022.07
Intermediary service fee	753,796.72	908,152.87
Office expenses	1,524,366.08	1,595,357.85
Property water and electricity	754,079.50	738,833.95
Others	2,104,074.01	2,887,447.28
Total	28,370,121.32	28,243,483.54

39. Sales expenses

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in previous period
Employee compensation	744,998.50	741,187.31
Business promotion expenses	615,351.45	818,289.04
Travel expenses	84,754.11	77,234.13
Depreciation expenses	21,343.05	45,820.14
Communication fee	2,483.72	3,722.10
Others	424,045.53	285,054.54
Total	1,892,976.36	1,971,307.26

40. R&D expenses

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in previous period
Employee compensation	485,457.96	580,102.50
Materials	557,227.44	622,962.47
Depreciation costs	301,750.14	642,156.24
Others	21,917.48	11,175.20
Total	1,366,353.02	1,856,396.41

41. Financial expenses

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in previous period
Interest expenses	4,542,753.58	5,583,036.73
Interest income	-549,308.27	-655,252.31
Exchange gains and losses	11,260,646.40	-1,978,217.74
Handling fee expenditure	1,001,028.99	945,170.60
Total	16,255,120.70	3,894,737.28

42. Other income

Unit: RMB

Sources of other income generation	Amount incurred in the current period	Amount incurred in previous period
Financial subsidy for shipbuilding	885,197.26	935,387.24
Financial subsidies for special construction funds in the blue economic zone	349,243.44	349,243.44
Subsidy for return transportation	548,081.85	
Others	208,543.55	196,101.79
Total	1,991,066.10	1,480,732.47

43. Investment income

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in previous period
Long-term equity investment income accounted using the equity method	-201,905.00	-231,502.46
Discount on notes	-89,141.67	
Total	-291,046.67	-231,502.46

44. Credit impairment loss

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in previous period
Bad debt loss on accounts receivable	1,585,506.41	-296,982.91
Bad debt loss on other receivables	2,692,855.30	175,982.22
Total	4,278,361.71	-121,000.69

45. Asset impairment loss

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in previous period
I. Inventory falling price loss and contract performance cost impairment loss	-2,039,274.87	-3,604,352.83
Total	-2,039,274.87	-3,604,352.83

46. Gain on disposal of assets

Unit: RMB

Sources of gain on disposal of assets	Amount incurred in the current period	Amount incurred in previous period
Gain or loss on disposal of fixed assets		-12,608.53

47. Non-operating income

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in previous period	Amount included in current non-recurring gains and losses
Others		220.00	

Total		220.00	
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48. Non-operating expenses

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in previous period	Amount included in current non-recurring gains and losses
Loss from the destruction and scrapping of non-current assets	155,930.64		155,930.64
Others	1,597.73	18,503.26	1,597.73
Total	157,528.37	18,503.26	157,528.37

49. Income tax expenses**(1) Income tax expense statement**

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in previous period
Current income tax expense	948,289.14	1,068,725.45
Deferred income tax expense	17,816.20	-2,967.61
Total	966,105.34	1,065,757.84

(2) Accounting profit and income tax expense adjustment process

Unit: RMB

Item	Amount incurred in current period
Total profit	-38,237,060.53
Income tax expenses calculated based on statutory/applicable tax rates	-9,559,265.12
Effect of different tax rates applied to subsidiaries	4,061,654.94
The impact of adjusting income tax of previous periods	18,869.74
The impact of non-taxable income	3,109,161.48
The impact of deductible temporary differences or deductible losses on unrecognized deferred income tax assets in the current period	3,335,684.30
Income tax expenses	966,105.34

50. Other comprehensive income

For details, refer to Note VII. 32. Other Comprehensive Income.

51. Items of cash flow statement**(1) Cash in connection with operating activities**

Other cash received in connection with operating activities

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in previous period
Financial expenses - interest income	549,302.07	654,791.38
Government subsidies and other non-operating income	19,667,070.68	8,256,503.80
Current accounts and others	990,314.22	3,976,955.26
Total	21,206,686.97	12,888,250.44

Other cash paid in connection with operating activities

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in previous period
Cash paid sales expenses	1,542,965.16	1,292,425.93
Cash paid management fees	8,587,191.84	8,919,550.63
Current accounts and others	2,851,087.31	4,639,263.97
Total	12,981,244.31	14,851,240.53

(2) Cash in connection with financing activities

Other cash received in connection with financing activities

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in previous period
Banker's acceptance discounted	7,410,858.33	
Total	7,410,858.33	

Other cash paid in connection with financing activities

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Opening balance	Increase		Decerased		Closing balance
		Cash change	Non-cash change	Cash change	Non-cash change	
Short-term borrowings	16,022,933.34		197,777.77	210,311.11		16,010,400.00
Long-term borrowings	461,379,416.23	23,000,000.00	2,754.52	64,406.30	9,139,916.67	475,177,847.78
Non-current liabilities due within one year	16,679,833.33		9,139,916.67	8,289,916.67		17,529,833.33
Total	494,082,182.90	23,000,000.00	9,340,448.96	8,564,634.08	9,139,916.67	508,718,081.11

52. Supplementary information to the cash flow statement**(1) Supplementary information to the cash flow statement**

Unit: RMB

Supplementary information	Amount in current period	Amount in previous period
1. Adjusting net profit to cash flow from operating activities:		
Net profit	-39,203,165.87	-21,021,947.31
Plus: Asset impairment provision	-21,503,676.83	-803,187.46

Depreciation of fixed assets, depletion of oil and gas assets, and depreciation of productive biological assets	37,868,845.14	43,203,965.84
Depreciation of use rights assets		6,260.64
Amortization of intangible assets	745,898.88	746,504.22
Amortization of long-term deferred expenses	617,384.80	355,225.86
Loss on disposal of fixed assets, intangible assets, and other long-term assets (income, using "-")		12,608.53
Loss on scrapping of fixed assets (income, using "-")	155,930.64	
Loss from changes in fair value (income, using "-")		
Financial expenses (income, using "-")	4,542,753.58	5,583,036.73
Investment losses (income, using "-")	291,046.67	231,502.46
Decrease in deferred income tax assets (increase, using "-")	93,006.74	40,687.81
Increase in deferred income tax liabilities (decrease, using "-")	-75,190.54	-75,190.54
Decrease in inventory (increase, using "-")	-59,192,663.20	77,723,544.03
Decrease in operating receivables (increase, using "-")	58,028,038.31	3,551,245.01
Increase in operating payables (decrease, using "-")	-14,233,012.53	-26,948,991.80
Others		
Net cash flow generated from operating activities	-31,864,804.21	82,605,264.02
2. Major investment and financing activities that do not involve cash receipts and payments:		
Debt converted to capital		
Convertible corporate bonds maturing within one year		
Fixed assets acquired through financing lease		
3. Net changes in cash and cash equivalents:		
Closing balance of cash	225,552,220.34	287,587,822.81
Less: Opening balance of cash	284,306,289.50	249,437,263.40
Plus: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash	-58,754,069.16	38,150,559.41

equivalents		
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(2) Composition of cash and cash equivalents

Unit: RMB

Item	Closing balance	Opening balance
I. Cash	225,552,220.34	284,306,289.50
Including: cash in hand	550,558.13	615,541.90
Bank deposits available for payment at any time	225,001,662.21	283,690,747.60
III. Closing balance of cash and cash equivalents	225,552,220.34	284,306,289.50

(3) Monetary funds that are not cash and cash equivalents

Unit: RMB

Item	Amount incurred in current period	Amount incurred in previous period	Reasons why they are not cash and cash equivalents
Other monetary funds	7,800,000.00	5,218,266.50	Guarantee deposits for notes and letters of guarantee
Total	7,800,000.00	5,218,266.50	

53. Item Foreign currency monetary items**(1) Foreign currency monetary items**

Unit: RMB

Item	Closing foreign currency balance	Conversion exchange rate	Closing converted RMB balance
Monetary funds			100,850,091.52
Including: US dollar	5,081,288.36	6.8109	34,608,146.88
Euro	2,781,419.89	7.7671	21,603,566.44
HKD			
SAR	11,188,521.35	0.6037	6,754,510.34
JPY	901,031,462.96	0.0420	37,883,867.86
Accounts Receivable			7,529,568.87
Including: US dollar	1,025,944.96	6.8109	6,987,608.53
Euro			
HKD			
SAR	897,731.22	0.6037	541,960.34
Advance Payment			19,728,169.20
Including: US dollar	2,658,136.26	6.8109	18,104,300.28
Euro	77,631.06	7.7671	602,968.20
XOF	87,256,471.79	0.0117	1,020,900.72
Long-term Loan			
Including: US dollar			
Euro			

HKD			
Other Receivables			67,462,232.75
Including: US dollar	9,875,265.28	6.8109	67,259,444.30
SAR	333,892.74	0.6037	201,571.05
XOF	104,051.28	0.0117	1,217.40
Accounts Receivable			15,829,070.31
Including: US dollar	2,190,779.76	6.8109	14,921,181.85
Euro	116,886.95	7.7671	907,872.65
SAR	26.19	0.6037	15.81
Contract Liability			19,352,669.92
Including: US dollar	135,307.68	6.8109	921,567.08
SAR	2,679,854.58	0.6037	1,617,828.21
XOF	1,008,068,618.80	0.0117	11,794,402.84
JPY	119,369,051.97	0.0420	5,018,871.79
Other Payables			921,567.08
Including: US dollar	135,307.68	6.8109	921,567.08

(2) The nature and financial impact of non-convertibility of currencies, the spot exchange rates adopted and their estimation process, as well as the risks faced by the enterprise due to the non-convertibility of currencies

☐ Applicable ☒ Not applicable

(3) Explanation of overseas operating entities, including for important overseas operating entities, the main overseas operating location, recording currency, and selection basis should be disclosed. If there is a change in recording currency, the reasons should also be disclosed.

☒ Applicable ☐ Not applicable

Important overseas operating entities	Overseas main business location	Recording currency	Selection basis
HABITAT INTERNATIONAL CORPORATION	Panama	USD	The economic environment in which the business operates
LAIF FISHERIES COMPANY LIMITED	Ghana	USD	The economic environment in which the business operates
YAW ADDO FISHERIES COMPANY LIMITED	Ghana	USD	The economic environment in which the business operates
ZHONG GHA FOODS COMPANY LIMITED	Ghana	USD	The economic environment in which the business operates
AFRICA STAR FISHERIES LIMITED	Ghana	USD	The economic environment in which the business operates

(4) Circumstances where there is a lack of convertibility between the functional currency of a foreign operation and the presentation currency of the enterprise

☐ Applicable ☒ Not applicable

54. Leases**(1) The Company as a lessee**

☐ Applicable ☒ Not applicable

(2) The Company as a lessor

Operating leases as a lessor

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Lease income	Including: variable lease payments-related income not included in lease receipts
Property lease income	1,792,271.80	
Total	1,792,271.80	

Financing leases as a lessor

☐ Applicable ☒ Not applicable

Annual undiscounted lease receipts for the next five years

☐ Applicable ☒ Not applicable

Reconciliation of undiscounted lease receipts and net investment in leases

(3) Recognition of sales profit or loss from financing leases as a producer or distributor

☐ Applicable ☒ Not applicable

VIII. R&D Expenditures

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in previous period
Payroll	485,457.96	580,102.50
Materials	557,227.44	622,962.47
Depreciation costs	301,750.14	642,156.24
Others	21,917.48	11,175.20
Total	1,366,353.02	1,856,396.41
Including: expensed R&D expenditures	1,366,353.02	1,856,396.41

IX. Equity in other entities**1. Equity in subsidiaries****(1) Composition of enterprise groups**

Unit: RMB

Name of subsidiary	Registered capital	Main operating location	Place of registration	Business nature	Shareholding proportion		Method of acquisition
					Direct	Indirect	

Shandong Zhonglu Aquatic Shipping Co., Ltd.	RMB22,505,600.00	Qingdao, Shandong	Qingdao, Shandong	Refrigerated transport	100.00%		Establishment by investment
Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd. (referred to as “Zhonglu Food”)	RMB104,322,300.00	Yantai, Shandong	Yantai, Shandong	Food processing	46.69%	25.77%	Establishment by investment
Shandong Zhonglu Haiyan Oceanic Fisheries Co., Ltd. (referred to as “Zhonglu Haiyanzi”)	RMB221,617,300.00	Qingdao, Shandong	Qingdao, Shandong	Long range fishing	59.05%		Establishment by investment
Zhonglu Oceanic(Qingdao) Industrial Investment and Development Co., Ltd.	RMB192,000,000.00	Qingdao, Shandong	Qingdao, Shandong	Refrigerated transport	66.63%	33.37%	Establishment by investment
HABITAT INTERNATIONAL CORPORATION	USD1,507,400.00	Panama	Panama	Refrigerated transport	100.00%		Establishment by investment
LAIF FISHERIES COMPANY LIMITED	USD400,000.00	Ghana	Ghana	Long range fishing		Zhonglu Haiyan holds 100% of the shares.	Establishment by investment
AFRICA STAR FISHERIES LIMITED	USD400,000.00	Ghana	Ghana	Long range fishing		Zhonglu Haiyan holds 100% of the shares.	Establishment by investment
ZHONGGHA FOODS COMPANY LIMITED	USD500,000.00	Ghana	Ghana	Long range fishing		Zhonglu Haiyan holds 100% of the shares.	Establishment by investment
Shandong Zhonglu Oceanic Refrigeration Co., Ltd.	RMB15,000,000.00	Yantai, Shandong	Yantai, Shandong	Warehousing service		Zhonglu Food holds 100% of the shares.	Establishment by investment
YAW ADDO FISHERIES		Ghana	Ghana	Long range fishing			Operating leases

COMPANY LIMITED							
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(2) Important non wholly-owned subsidiaries

Unit: RMB

Name of subsidiary	Shareholding proportion of minority shareholder	Profit and loss attributable to minority shareholders in the current period	Dividends declared for distribution to minority shareholders in the current period	Closing balance of minority shareholders' equity
Shandong Zhonglu Haiyan Oceanic Fisheries Co., Ltd.	40.95%	-5,694,865.94		151,696,420.27
Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd.	27.54%	3,066,094.10		107,460,135.21

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

Unit: RMB

Name of subsidiary	Closing balance						Opening balance					
	Current assets	Non-current assets	Total of assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shandong Zhonglu Haiyan Oceanic Fisheries Co., Ltd.	353,008,132.28	184,987,539.42	537,995,671.70	161,661,414.36	5,891,228.59	167,552,642.95	390,989,961.45	188,427,536.15	579,417,497.60	184,446,707.40	6,022,562.33	190,469,269.73
Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd.	399,469,457.05	102,777,837.46	502,247,294.51	105,293,298.66	6,757,426.45	112,050,725.11	420,490,349.67	106,515,246.37	527,005,596.04	140,678,184.27	7,264,081.67	147,942,265.94

Unit: RMB

Name of subsidiary	Amount incurred in current period				Amount incurred in previous period			
	Operating income	Net profit	Total comprehensive income	Cash flow of operating activities	Operating income	Net profit	Total comprehensive income	Cash flow of operating activities
Shandong Zhonglu Haiyan Oceanic Fisheries Co., Ltd.	101,326,362.89	-13,906,876.53	-18,505,199.12	-44,279,818.89	168,675,163.34	-22,315,294.01	-22,953,732.06	-3,414,505.58

Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd.	237,557,46 9.65	11,133,239. 30	11,133,239. 30	- 4,071,124.9 2	343,527,20 5.90	5,276,731.4 7	5,276,731.4 7	- 1,045,208.8 6
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2. Equity in joint venture or associate enterprises

(1) Summary financial information of insignificant joint ventures and joint operations

Unit: RMB

	Closing balance/amount in this period	Opening balance/amount in prior period
Joint ventures:		
Total amount of the following items calculated based on the shareholding proportion		
Joint operations:		
Total book value of investment	239,987.08	647,119.58
Total amount of the following items calculated based on the shareholding proportion		
-Net profits	-201,905.00	-231,502.46
-Total comprehensive income	-201,905.00	-231,502.46

Other notes:

Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd., a subsidiary of the Company, holds 15.00% of the shares of Jinan Qinzhen Food Technology Co., Ltd. and appoints a director for it, having a significant impact on its production and operations.

X. Government Grants

1. Government grants recognized according to the amounts receivable at the end of the Reporting Period

☒ Applicable ☐ Not applicable

Closing balance of accounts receivable: RMB 88,287,931.00.

Reasons why the estimated amount of government grants were not received at the estimated point in time

☒ Applicable ☐ Not applicable

As of June 30, 2026, the total balance of international performance capacity enhancement subsidy funds receivable by the Company and its controlling subsidiaries amounted to RMB84,612,900.00. The competent authority for this government grant, the Agriculture and Rural Affairs Bureau of Laoshan District, Qingdao, stated that the funds will be disbursed in an orderly manner based on future fiscal conditions.

2. Liabilities involving government grants

☒ Applicable ☐ Not applicable

Unit: RMB

Accounting	Opening	Amount of	Amount	Amount	Other	Closing	Related to
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item	balance	new grants in this period	included in non-operating income in this period	transferred to other income in this period	changes in this period	balance	assets/income
Deferred income	53,112,953.91			1,316,661.94		51,796,291.97	Government subsidies related to assets

3. Government grants included in profit or loss

☒ Applicable ☐ Not applicable

Unit: RMB

Accounting item	Amount incurred in current period	Amount incurred in previous period
Other income	1,966,431.18	1,459,767.92

XI. Risks Related to Financial Instruments

1. Risks arising from financial instruments

The Company's key financial instruments include accounts receivable, other receivables, accounts payable, and other payables. For the details of each financial instrument, please refer to the relevant items in Note VII. The purpose of the Company's risk management is to strike an appropriate balance between risk and income, minimize the negative impact of risks on its business performance, and maximize the interests of shareholders and other equity investors. Based on the purpose of risk management, the basic strategy for the Company's risk management is to identify and analyze all the risks faced by the Company, establish an appropriate bottom line for risk tolerance, conduct risk management, timely and reliably monitor all risks, and control risks within a limited extent.

(1) Credit risk

If the customer or counterparty involved in a financial instrument is unable to perform their obligations under the contract, resulting in financial losses to the Company, it is credit risk. Credit risk mainly comes from accounts receivable from customers. The book values of accounts receivable, notes receivable, and other receivables are the biggest credit risk to the Company's financial assets.

(2) Market risk

The market risk of a financial instrument is the risk of changes in the fair value or future cash flows of the financial instrument caused by market price changes. It includes exchange rate risk, interest rate risk, and other price risk.

The Company uses the sensitivity analysis technique to analyze the potential effect of reasonable, possible changes in the relevant variables of market risk on profit or loss or shareholders' interests. It is rare for any risk variable to change in isolation, and the amount of the final effect of the correlation between variables on changes in a risk variable will have a significant effect. Hence, the following content is based on the assumption that changes in each variable happen in independent circumstances.

① Exchange rate risk

Exchange rate risk is the risk of changes in the fair value or future cash flows of a financial instrument caused by exchange rate changes. The exchange rate risk facing the Company mainly comes from financial assets priced in US dollars. The amount of foreign-currency financial assets in RMB is presented in “VII. 52 Foreign-currency monetary items.”

② Interest rate risk

Interest rate risk is the risk of changes in the fair value or future cash flows of a financial instrument caused by changes in the market interest rate. The interest rate risk facing the Company mainly comes from long-term borrowings from banks. As the Company's borrowings use the floating interest rate, there is a risk of changes in the RMB benchmark interest rate.

(3) Liquidity risk

Liquidity risk is the risk of a fund shortage encountered by the Company when performing obligations related to financial liabilities. In the context of normal financial conditions and financial strains, the Company makes sure to have sufficient liquidity to repay debts that are due, consults financial institutions for financing, and maintains a certain level of standby line of credit to reduce liquidity risk.

2. Financial assets

(1) Classification by transfer mode

☒Applicable ☐ Not applicable

Unit: RMB

Transfer method	Nature of transferred financial assets	Amount of transferred financial assets	Derecognition status	Basis for determining derecognition
Notes discounted	Banker's acceptance	15,000,000.00	Fully derecognized	Banker's acceptances issued by banks with high credit ratings
Total		15,000,000.00		

(2) Financial assets derecognized due to transfer

☒Applicable ☐ Not applicable

Unit: RMB

Item	Method of financial asset transfer	Amount of financial assets derecognized	Gains or losses related to derecognition
Notes receivable	Notes discounted	15,000,000.00	-89,141.67
Total		15,000,000.00	-89,141.67

(3) Continuing involvement in transferred financial assets

☐Applicable ☒ Not applicable

XII. Related Parties and Related Transactions

1. The situation of the parent company of the enterprise

Name of parent company	Place of registration	Business nature	Registered capital	The shareholding ratio of the parent company in the company	Proportion of voting rights of the parent company to the company
Shandong State - owned Assets Investment Holdings Co., Ltd.	Jinan, Shandong	Investment and Management, Asset Management and Capital Operations, Custody Operations, Investment Consulting	RMB4.5 billion	47.25%	47.25%

Disclosure of the parent of the Company

The ultimate controlling party of the enterprise is the State owned Assets Supervision and Administration Commission of the People's Government of Shandong Province.

2. Situation of subsidiaries of the enterprise

Details regarding the subsidiaries of the Company are provided in Note IX. 1. Interests in subsidiaries.

3. Situation of joint ventures and associated enterprises of our company

Information on significant joint ventures or associates of the Company can be found in Note IX. 2. Interests in joint ventures and associates.

Information of other joint ventures or joint operations that had related-party transactions with the Company in this period or in prior period that gave rise to balance:

Name of joint venture or joint operation	Relationship with the Company
Jinan Qinzhen Food Technology Co., Ltd.	Joint operation

4. Other related parties

Name of other related parties	Relationship between other related parties and our company
Dezhou Bank Co., Ltd	Controlled by the same parent company
Zhongtai Xincheng Asset Management Co., Ltd	Controlled by the same parent company

5. Related party transactions

(1) Related party transactions for purchasing and selling goods, providing and receiving labor services

Information of the sale of goods/provision of labor services

Unit: RMB

Related parties	Content of related party transaction	Amount incurred in current period	Amount incurred in previous period
Jinan Qinzhen Food	Tuna products	132,285.50	121,394.00

Technology Co., Ltd.			
Shandong State-owned Assets Investment Holding Co., Ltd.	Trusteeship fees	849,056.58	849,056.60

(2) Related entrusted management/contracting and entrusted management/outsourcing situation

Table of entrusted management/contracting situation of our company:

Unit: RMB

Name of the entrusting party/outsourcing party	Name of trustee/contract or	Type of entrusted/contracted assets	Starting date of commission/contracting	Ending date of commission/contracting	Pricing basis for custody income/contracting income	Confirmed custody income/contracting income in this period
Shandong State-owned Assets Investment Holdings Co., Ltd.	Shandong Zhonglu Oceanic Fisheries Co., Ltd.	Entrusted management	April 14, 2022		By contract	849,056.58

(3) Compensation for key management personnel

Unit: RMB

Item	Amount incurred in current period	Amount incurred in previous period
Compensation for key management personnel	971,943.00	990,674.80

(4) Other related party transactions

Item	Related party	Amount incurred in current period	Amount incurred in previous period
Income from deposit interest	Dezhou Bank Co., Ltd.	69.51	198.87

6. Accounts receivable and payable of related parties**(1) Receivable**

Unit: RMB

Name of item	Related party	Closing balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivable	Jinan Qinzhen Food Technology Co., Ltd.	119,067.40	5,953.37	138,262.40	6,913.12
Other receivables	Shandong State-owned Assets Investment Holdings Co., Ltd.	900,000.00	45,000.00	1,800,000.00	90,000.00

(2) Payables

Unit: RMB

Item	Affiliate	Closing book balance	Opening book balance
Dividends payable	Zhongtai Xincheng Asset Management Co., Ltd	5,234,835.31	5,234,835.31

XIII. Commitments and contingencies**1. Important commitments**

Significant commitments existing on the balance sheet date

As of the balance sheet date, there was no commitment to disclose.

2. Contingencies**(1) Significant contingencies on the balance sheet date**

As of the balance sheet date, there was no contingency to disclose.

(2) The company should also explain if it has not any important contingencies that need to be disclosed

There are no significant contingencies that need to be disclosed by the company.

XIV. Events after the balance sheet date**1. Explanation of other events after the balance sheet date**

As of the balance sheet date, there was no post-balance sheet event to disclose.

XV. Other Important Matters**1. Pension plan**

The Company has established the occupational pension system in accordance with relevant laws, regulations, and policies. The Company pays for supplementary pension insurance for employees (occupational pension) on the basis of joining the basic pension insurance. The Company sets the business performance coefficient based on its actual operations and calculates the total amount to be paid based on that coefficient. The amount to be paid by the Company in occupational pension has been disclosed in “payroll payable - defined contribution plans.” The amount to be paid by employees is deducted from payroll by the Company. The amount of occupational pension accrued by the Company in the current period is RMB1,766,500.00. For relevant disclosure, refer to “Note VII. 24. Payroll payable.”

2. Segment Information

(1) Basis for determining reporting segments and accounting policies

The Company's main businesses include long range fishing, refrigerated transportation, processing, and trade of aquatic products, and other businesses. The Company discloses segment reporting based on the different natures of its main businesses.

(2) Financial information of the reporting segment

Unit: RMB

Item	Long range fishing	Marine transport	Seafood refrigeration processing trade	Others	Inter-segment offset	Total
I. Income from main business	164,458,997.15	55,669,346.63	235,555,884.62	330,338.45	-50,155,194.90	405,859,371.95
II. Main business cost	185,913,726.69	52,826,718.62	213,274,191.85	285,185.92	-50,155,194.90	402,144,628.18
III. Credit impairment loss	4,265,400.19	-120,297.27	118,258.79	15,000.00		4,278,361.71
IV. Asset impairment loss			-2,039,274.87			-2,039,274.87
V. Depreciation costs and amortization costs	24,953,030.34	8,101,186.09	3,518,705.03	2,659,207.36		39,232,128.82
VI. Total profit	-35,378,058.07	-2,088,092.14	12,017,356.29	-12,788,266.61		-38,237,060.53
VII. Income tax expenses		81,782.52	884,116.99	205.83		966,105.34
VIII. Net profit	-35,378,058.07	-2,169,874.66	11,133,239.30	-12,788,472.44		-39,203,165.87
IX. Total assets	1,073,853,612.19	277,870,435.71	502,247,294.51	1,090,747,880.71	-842,561,599.98	2,102,157,623.14
X. Total liabilities	380,079,454.70	18,709,465.45	112,050,725.11	738,321,607.88	-457,371,866.86	791,789,386.28

XVI. Notes to Main Items in the Parent Company's Financial Statements

1. Accounts receivable

(1) Disclosure by aging

Unit: RMB

Aging	Closing book balance	Opening book balance
Within one year (included)	2,355,971.27	7,136,938.33
0-6 months	2,355,971.27	6,986,938.33
6 months to 1 year		150,000.00
More than 3 years	5,689,018.01	5,689,018.01
Total	8,044,989.28	12,825,956.34

(2) Disclosure by accrual method of bad debt provision

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Accrual proportion		Amount	Proportion	Amount	Accrual proportion	
Among them:										
Accounts receivable of bad debt provision withdrawn by combination	8,044,989.28	100.00%	5,689,018.01	70.72%	2,355,971.27	12,825,956.34	100.00%	6,053,364.93	47.20%	6,772,591.41
Among them:										
non-affiliate group	8,044,989.28	100.00%	5,689,018.01	70.72%	2,355,971.27	12,825,956.34	100.00%	6,053,364.93	47.20%	6,772,591.41
Total	8,044,989.28	100.00%	5,689,018.01	70.72%	2,355,971.27	12,825,956.34	100.00%	6,053,364.93	47.20%	6,772,591.41

Accrual of bad debt provision by group:

Unit: RMB

Name	Closing balance		
	Book balance	Bad debt provision	Accrual proportion
Non-affiliate group	8,044,989.28	5,689,018.01	70.72%
Total	8,044,989.28	5,689,018.01	

If the bad debt provision of accounts receivable is made based on the general model of expected credit losses:

☐ Applicable ☒ Not applicable**(3) Bad debt provisions accrued, recovered or reversed in the current period**

Accrual of bad debt provision in current period:

Unit: RMB

Category	Opening balance	Change amount of current period				Closing balance
		Accrual	Recovery or reversal	Write-off	Others	
Bad debt provision for accounts receivable	6,053,364.93	-364,346.92				5,689,018.01
Total	6,053,364.93	-364,346.92				5,689,018.01

(4) Top five accounts receivable and contract assets in terms of closing balance summarized by debtor

Unit: RMB

Name of entity	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Proportion in the total closing balance of accounts receivable and contract assets	Closing balance of bad debt provision for accounts receivable and impairment provision for contract assets
A	3,600,962.12		3,600,962.12	44.76%	3,600,962.12
B	430,625.10		430,625.10	5.35%	430,625.10
C	293,209.20		293,209.20	3.64%	293,209.20
D	158,154.98		158,154.98	1.97%	158,154.98
E	156,875.50		156,875.50	1.95%	156,875.50
Total	4,639,826.90		4,639,826.90	57.67%	4,639,826.90

2.Other receivables

Unit: RMB

Item	Closing balance	Opening balance
Dividends receivable		26,199,905.76
Other receivables	165,825,490.33	186,581,184.21
Total	165,825,490.33	212,781,089.97

(1) Dividends receivable**1) Classification of dividends receivable**

Unit: RMB

Item (or invested entity)	Closing balance	Opening balance
HABITAT INTERNATIONAL CORPORATION		26,199,905.76
Total		26,199,905.76

(2) Other receivables**1) Classification of other receivables by nature of payment**

Unit: RMB

Nature of payment	Closing book balance	Opening book balance
Internal transactions within the company	145,571,303.01	157,404,302.58
Reserve funds and others	35,620,850.49	46,230,800.83
Total	181,192,153.50	203,635,103.41

2) Disclosure by aging

Unit: RMB

Aging	Closing book balance	Opening book balance
Within 1 year (included)	72,457,422.11	133,750,143.06
0-6 months	8,946,796.94	103,771,598.81
6 months - 1 year	63,510,625.17	29,978,544.25
1-2 years	67,439,975.09	31,941,978.87
2-3 years	14,211,614.05	5,449,355.66
More than 3 years	27,083,142.25	32,493,625.82
Total	181,192,153.50	203,635,103.41

3) Disclosure by accrual method of bad debt provision

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Proportion of accrual		Amount	Proportion	Amount	Proportion of accrual	
Allowance for bad debts provided on an individual basis	6,936,767.11	3.83%	6,936,767.11	100.00%		6,936,767.11	3.41%	6,936,767.11	100.00%	
Among them:										
Bad debt provision accrued by group	174,255,386.39	96.17%	8,429,896.06	4.84%	165,825,490.33	196,698,336.30	96.59%	10,117,152.09	5.14%	186,581,184.21
Among them:										
Non-affiliate combination	35,620,850.49	19.66%	8,429,896.06	23.67%	27,190,954.43	46,230,800.83	22.70%	10,117,152.09	21.88%	36,113,648.74
Portfolio of consolidated related parties	138,634,535.90	76.51%			138,634,535.90	150,467,535.47	73.89%			150,467,535.47
Total	181,192,153.50	100.00%	15,366,663.17	8.48%	165,825,490.33	203,635,103.41	100.00%	17,053,919.20	8.37%	186,581,184.21

Name of category for which allowance for bad debts is provided on an individual basis:

Unit: RMB

Name	Opening balance		Closing balance			
	Book balance	Bad debt provision	Book balance	Bad debt provision	Proportion of accrual	Reason for provision
YAW ADDO FISHERIES COMPANY LIMITED	6,936,767.11	6,936,767.11	6,936,767.11	6,936,767.11	100.00%	YAW's ship purchase payment; the vessel has now been dismantled, and YAW is unable to pay this amount, hence the bad debt provision was made.
Total	6,936,767.11	6,936,767.11	6,936,767.11	6,936,767.11		

Accrual of bad debt provision by group:

Unit: RMB

Name	Closing balance		
	Book balance	Bad debt provision	Proportion of accrual
Non-affiliate aging group	35,620,850.49	8,429,896.06	23.67%
Total	35,620,850.49	8,429,896.06	

Accrual of bad debt provision by general model of expected credit loss:

Unit: RMB

Bad debt provision	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss in the next 12 months	Expected credit loss for the entire duration (no credit impairment occurred)	Expected credit loss for the entire duration (credit impairment occurred)	
Balance as of January 1, 2026	6,628,901.87		10,425,017.33	17,053,919.20
Balance as of January 1, 2026 in the current period				
Accrual of current period	-1,656,274.49		-30,981.54	-1,687,256.03
Balance as of June 30, 2026	4,972,627.38		10,394,035.79	15,366,663.17

Changes in book balance with significant changes in loss reserves during the current period

☐ Applicable ☒ Not applicable**4) Bad debt provisions accrued, recovered or reversed in the current period**

Accrual of bad debt provision in this period:

Unit: RMB

Category	Opening balance	Change amount in this period				Closing balance
		Accrued	Recovered or reversed	Write-off	Others	
Bad debts of	17,053,919.20	-1,687,256.03				15,366,663.17

other receivables						
Total	17,053,919.20	-1,687,256.03				15,366,663.17

5) The receivables of top five closing balance collected by the debtor

Unit: RMB

Name of entity	Nature of payment	Closing balance	Aging	Proportion to total closing balance of other receivables	Closing balance of bad debt provision
LAIF FISHERIES LIMITED COMPANY	Current accounts	57,037,465.24	Less than 1 year	31.48%	
Shandong Zhonglu Haiyan Oceanic Fisheries Co., Ltd.	Current accounts	40,185,820.90	1-3 years	22.18%	
Laoshan District Agriculture and Rural Affairs Bureau	Government grant	30,758,735.00	6 months to 2 years	16.98%	4,838,290.50
YAW ADDO FISHERIES CO.,LTD	Current accounts	20,602,626.27	Less than 1 year, 1-3 years and above	11.37%	
Shandong Zhonglu Aquatic Shipping Co., Ltd.	Current accounts	8,279,334.72	More than 3 years	4.57%	
Total		156,863,982.13		86.58%	4,838,290.50

3. Long-term equity investment

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investment on subsidiaries	328,189,455.23		328,189,455.23	328,189,455.23		328,189,455.23
Total	328,189,455.23		328,189,455.23	328,189,455.23		328,189,455.23

(1) Investment on subsidiaries

Unit: RMB

Invested entity	Opening balance (book value)	Opening balance of impairment provision	Change in increase/decrease in this period				Closing balance (book value)	Closing balance of impairment provision
			Additional investment	Reducing investment	Accrual of impairment provision	Others		
HABITAT INTERNATIONAL CORPORATION	12,476,145.60						12,476,145.60	
Shandong Zhonglu	22,869,513.38						22,869,513.38	

Aquatic Shipping Co., Ltd								
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 Oceanic(Qingdao) Industrial Investment and Development Co., Ltd	96,000,000.00						96,000,000.00	
Total	328,189,455.23						328,189,455.23	

4. Operating income and operating costs

Unit: RMB

Item	Amount incurred in current period		Amount incurred in previous period	
	Income	Cost	Income	Cost
Main business	59,533,900.97	73,913,455.10	147,358,263.13	148,555,603.53
Other businesses	3,324,889.79	1,692,607.54	4,003,423.65	1,714,319.34
Total	62,858,790.76	75,606,062.64	151,361,686.78	150,269,922.87

Disaggregated information of operating income and operating costs:

Unit: RMB

Contract classification	Segment 1		Segment 2		Product sales revenue		Other business revenue		Property lease and others		Total	
	Revenue	Cost	Revenue	Cost	Revenue	Cost	Revenue	Cost	Revenue	Cost	Revenue	Cost
Business type												

By timing of transfer of goods												
Among them:												
Recognized at a point in time					59,533,900.97	73,913,455.10					59,533,900.97	73,913,455.10
Recognized over a period of time							849,056.58		2,475,833.21	1,692,607.54	3,324,889.79	1,692,607.54
Total					59,533,900.97	73,913,455.10	849,056.58		2,475,833.21	1,692,607.54	62,858,790.76	75,606,062.64

XVII. Additional information

1. Detailed statement of non-recurring profits and losses for the current period

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Amount	Remarks
Gains or losses on the disposal of non-current assets	-155,930.64	
Government grants recognized in profit or loss (excluding government grants that are closely related to the Company's business, meet the standards of national policies, are received in accordance with established standards, and have a continuous impact on the Company's profit or loss)	1,991,066.10	
Income from custody fees obtained from	849,056.58	

entrusted operations		
Other non-operating income and expenses other than the above	-1,597.73	
Less: Income tax impact amount	116,029.67	
Amount of minority interest effect (after tax)	114,896.56	
Total	2,451,668.08	--

The specific situation of other profit and loss items that meet the definition of non-recurring profit and loss:

☐Applicable ☒ Not applicable

The company does not have any specific cases of profit or loss items that meet the definition of non-recurring profit or loss.

Explanation of defining the non-recurring profit and loss items listed in the Explanatory Announcement No. 1 on Information Disclosure of Companies Issuing Securities to the Public as recurring profit and loss items

☐Applicable ☒ Not applicable

2. Earnings on equity and earnings per share

Profit during the reporting period	ROE	Earnings per share	
		Basic earnings per share (RMB /Share)	Diluted earnings per share (RMB /Share)
Net profit attributable to common shareholders of the company	-3.41%	-0.1375	-0.1375
Net profit attributable to common shareholders of the company after deducting non-recurring profits and losses	-3.64%	-0.1467	-0.1467

3. Differences in accounting data according to domestic and foreign accounting standards

1) Differences in net profit and net assets in financial reports disclosed according to international accounting standards and Chinese accounting standards

☐Applicable ☒ Not applicable

2) Differences in net profit and net assets in financial reports disclosed according to overseas accounting standards and Chinese accounting standards

☐Applicable ☒ Not applicable

3) Explanation of reasons for accounting data differences under domestic and foreign accounting standards. If reconciliation adjustments are made to data already audited by a foreign auditing firm, the name of such foreign auditing firm shall be noted.

☐Applicable ☒ Not applicable