

山东省中鲁远洋渔业股份有限公司

2020 年半年度财务报告

二〇二〇年八月二十六日

Financial Report

I. Audit reports

Whether the semi-annual report was audited or not

Yes No

The financial report of this semi-annual report was unaudited

II. Financial statements

Units in Notes of Financial Statements is RMB

1. Consolidate balance sheet

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

2020-06-30

In RMB

Item	2020-6-30	2019-12-31
Current assets:		
Monetary funds	177,396,987.64	186,011,644.29
Settlement provisions		
Capital lent		
Tradable financial assets	10,000,000.00	
Derivative financial assets		
Note receivable		
Account receivable	83,980,551.58	70,003,394.30
Receivable financing		
Accounts paid in advance	21,701,284.51	17,350,069.13
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Other account receivable	2,633,719.57	4,343,207.56
Including: Interest receivable		
Dividend receivable		
Buying back the sale of financial assets		
Inventories	394,334,010.87	375,744,116.36
Contractual assets		
Assets held for sale		
Non-current asset due within one		

year		
Other current assets	14,911,213.92	32,027,587.58
Total current assets	704,957,768.09	685,480,019.22
Non-current assets:		
Loans and payments on behalf		
Debt investment		
Other debt investment		
Long-term account receivable		
Long-term equity investment		
Investment in other equity instrument		
Other non-current financial assets		
Investment real estate	32,098,047.77	32,761,086.11
Fixed assets	531,275,969.26	551,167,599.49
Construction in progress		
Productive biological asset		
Oil and gas asset		
Right-of-use assets		
Intangible assets	13,139,705.70	13,196,284.54
Expense on Research and Development		
Goodwill		
Long-term expenses to be apportioned	237,229.61	435,134.13
Deferred income tax asset	1,845,872.82	1,845,872.82
Other non-current asset	2,394,857.06	3,640,847.49
Total non-current asset	580,991,682.22	603,046,824.58
Total assets	1,285,949,450.31	1,288,526,843.80
Current liabilities:		
Short-term loans	45,739,352.83	51,662,365.00
Loan from central bank		
Capital borrowed		
Trading financial liability		
Derivative financial liability		

Note payable		
Account payable	89,424,677.12	94,725,231.68
Accounts received in advance		18,477,646.54
Contractual liability	21,552,546.54	
Selling financial asset of repurchase		
Absorbing deposit and interbank deposit		
Security trading of agency		
Security sales of agency		
Wage payable	34,116,025.64	49,149,654.32
Taxes payable	3,784,227.59	3,597,925.54
Other account payable	10,681,034.80	8,634,438.40
Including: Interest payable		
Dividend payable		
Commission charge and commission payable		
Reinsurance payable		
Liability held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	205,297,864.52	226,247,261.48
Non-current liabilities:		
Insurance contract reserve		
Long-term loans		
Bonds payable		
Including: Preferred stock		
Perpetual capital securities		
Lease liability		
Long-term account payable		
Long-term wages payable	1,286,394.42	1,378,471.70
Accrual liability		
Deferred income	15,126,638.86	15,764,480.48

Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	16,413,033.28	17,142,952.18
Total liabilities	221,710,897.80	243,390,213.66
Owner's equity:		
Share capital	266,071,320.00	266,071,320.00
Other equity instrument		
Including: Preferred stock		
Perpetual capital securities		
Capital public reserve	284,054,997.75	284,054,997.75
Less: Inventory shares		
Other comprehensive income	2,010,664.87	707,156.17
Reasonable reserve		
Surplus public reserve	21,908,064.19	21,908,064.19
Provision of general risk		
Retained profit	330,596,151.51	314,460,431.58
Total owner's equity attributable to parent company	904,641,198.32	887,201,969.69
Minority interests	159,597,354.19	157,934,660.45
Total owner's equity	1,064,238,552.51	1,045,136,630.14
Total liabilities and owner's equity	1,285,949,450.31	1,288,526,843.80

Legal Representative: Lu Lianxing

Person in Charge of Accounting: Fu Chuanhai

Person in Charge of Accounting Department: Lei Lixin

2. Balance Sheet of Parent Company

In RMB

Item	2020-6-30	2019-12-31
Current assets:		
Monetary funds	22,710,239.22	56,205,332.78
Trading financial assets	10,000,000.00	
Derivative financial assets		
Note receivable		

Account receivable	15,424,953.61	29,071,151.64
Receivable financing		
Accounts paid in advance	4,449,452.87	4,729,985.40
Other account receivable	191,745,933.66	181,768,872.70
Including: Interest receivable		
Dividend receivable	94,566,287.92	94,566,287.92
Inventories	56,905,427.51	34,787,467.34
Contractual assets		
Assets held for sale		
Non-current assets maturing within one year		
Other current assets	2,202,025.15	2,079,593.94
Total current assets	303,438,032.02	308,642,403.80
Non-current assets:		
Debt investment		
Other debt investment		
Long-term receivables	5,630,080.88	5,196,204.31
Long-term equity investments	232,189,455.23	232,189,455.23
Investment in other equity instrument		
Other non-current financial assets		
Investment real estate	32,098,047.77	32,761,086.11
Fixed assets	58,558,777.31	58,708,493.74
Construction in progress		
Productive biological assets		
Oil and natural gas assets		
Right-of-use assets		
Intangible assets	940,669.14	846,324.29
Research and development costs		
Goodwill		
Long-term deferred expenses		88,996.85
Deferred income tax assets		
Other non-current assets	394,857.06	1,279,247.49

Total non-current assets	329,811,887.39	331,069,808.02
Total assets	633,249,919.41	639,712,211.82
Current liabilities		
Short-term borrowings		
Trading financial liability		
Derivative financial liability		
Notes payable		
Account payable	5,937,041.52	6,504,914.36
Accounts received in advance		2,161,006.77
Contractual liability	3,649,086.27	
Wage payable	12,905,578.65	16,431,213.09
Taxes payable	256,786.40	452,563.73
Other accounts payable	85,870,394.98	88,931,206.55
Including: Interest payable		
Dividend payable		
Liability held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	108,618,887.82	114,480,904.50
Non-current liabilities:		
Long-term loans		
Bonds payable		
Including: preferred stock		
Perpetual capital securities		
Lease liability		
Long-term account payable		
Long term employee compensation payable	892,489.40	984,566.68
Accrued liabilities		
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	892,489.40	984,566.68

Total liabilities	109,511,377.22	115,465,471.18
Owners' equity:		
Share capital	266,071,320.00	266,071,320.00
Other equity instrument		
Including: preferred stock		
Perpetual capital securities		
Capital public reserve	279,115,900.17	279,115,900.17
Less: Inventory shares		
Other comprehensive income		
Special reserve		
Surplus reserve	19,184,672.34	19,184,672.34
Retained profit	-40,633,350.32	-40,125,151.87
Total owner's equity	523,738,542.19	524,246,740.64
Total liabilities and owner's equity	633,249,919.41	639,712,211.82

3. Consolidated Profit Statement

In RMB

Item	Semi-annual of 2020	Semi-annual of 2019
I. Total operating income	375,590,835.67	515,468,659.14
Including: Operating income	375,590,835.67	515,468,659.14
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	384,483,261.23	483,700,588.70
Including: Operating cost	353,368,335.26	437,867,047.13
Interest expense		
Commission charge and commission expense		
Cash surrender value		
Net amount of expense of compensation		
Net amount of withdrawal of insurance contract reserve		
Bonus expense of guarantee slip		
Reinsurance expense		

Tax and extras	1,261,394.12	1,485,273.60
Sales expense	8,387,357.40	11,996,385.92
Administrative expense	21,578,117.77	29,199,215.47
R&D expense	49,775.28	
Financial expense	-161,718.60	3,152,666.58
Including: Interest expenses	1,290,415.47	2,382,040.26
Interest income	375,178.04	541,927.78
Add: other income	19,034,020.39	433,292.74
Investment income (Loss is listed with “-”)	54,131.01	
Including: Investment income on affiliated company and joint venture		
The termination of income recognition for financial assets measured by amortized cost(Loss is listed with “-”)		
Exchange income (Loss is listed with “-”)		
Net exposure hedging income (Loss is listed with “-”)		
Income from change of fair value (Loss is listed with “-”)		
Loss of credit impairment (Loss is listed with “-”)	-1,169,489.97	
Losses of devaluation of asset (Loss is listed with “-”)	-1,151,903.20	-3,302.88
Income from assets disposal (Loss is listed with “-”)	55,893.20	-1,399.00
III. Operating profit (Loss is listed with “-”)	7,930,225.87	32,196,661.30
Add: Non-operating income	10,122,538.63	
Less: Non-operating expense	693,969.08	24,200.00
IV. Total profit (Loss is listed with “-”)	17,358,795.42	32,172,461.30
Less: Income tax expense	597,651.69	662,058.68
V. Net profit (Net loss is listed with	16,761,143.73	31,510,402.62

“-”)		
(i) Classify by business continuity		
1.continuous operating net profit (net loss listed with ‘-’)	16,761,143.73	31,510,402.62
2.termination of net profit (net loss listed with ‘-’)		
(ii) Classify by ownership		
1.Net profit attributable to owner’s of parent company	16,135,719.93	28,420,094.20
2.Minority shareholders’ gains and losses	625,423.80	3,090,308.42
VI. Net after-tax of other comprehensive income	2,340,778.64	-44,875.62
Net after-tax of other comprehensive income attributable to owners of parent company	1,303,508.70	-35,906.51
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1.Changes of the defined benefit plans that re-measured		
2.Other comprehensive income under equity method that cannot be transfer to gain/loss		
3.Change of fair value of investment in other equity instrument		
4.Fair value change of enterprise's credit risk		
5. Other		
(ii) Other comprehensive income items which will be reclassified subsequently to profit or loss	1,303,508.70	-35,906.51
1.Other comprehensive income under equity method that can transfer to gain/loss		
2.Change of fair value of other debt investment		
3.Amount of financial assets re-classify to other		

comprehensive income		
4.Credit impairment provision for other debt investment		
5.Cash flow hedging reserve		
6.Translation differences arising on translation of foreign currency financial statements	1,303,508.70	-35,906.51
7.Other		
Net after-tax of other comprehensive income attributable to minority shareholders	1,037,269.94	-8,969.11
VII. Total comprehensive income	19,101,922.37	31,465,527.00
Total comprehensive income attributable to owners of parent Company	17,439,228.63	28,384,187.69
Total comprehensive income attributable to minority shareholders	1,662,693.74	3,081,339.31
VIII. Earnings per share:		
(i) Basic earnings per share	0.06	0.11
(ii) Diluted earnings per share	0.06	0.11

Enterprise combine under the same control in the Period, the combined party realized net profit of 0 Yuan before combination, and realized 0 Yuan at last period for combined party

Legal Representative: Lu Lianxing

Person in Charge of Accounting: Fu Chuanhai

Person in Charge of Accounting Department: Lei Lixin

4. Profit Statement of Parent Company

In RMB

Item	Semi-annual of 2020	Semi-annual of 2019
I. Operating income	32,245,432.56	90,518,493.12
Less: Operating cost	29,487,279.57	63,255,773.62
Taxes and surcharge	373,646.54	355,604.14
Sales expenses	164,061.94	5,438,557.64
Administration expenses	11,215,607.85	14,109,200.60
R&D expenses		

Financial expenses	-534,611.85	-571,940.04
Including: interest expenses		
Interest income	51,639.77	209,935.62
Add: other income	8,237,896.28	
Investment income (Loss is listed with “-”)	54,131.01	
Including: Investment income on affiliated Company and joint venture		
The termination of income recognition for financial assets measured by amortized cost (Loss is listed with “-”)		
Net exposure hedging income (Loss is listed with “-”)		
Changing income of fair value (Loss is listed with “-”)		
Loss of credit impairment (Loss is listed with “-”)	29,101.26	
Losses of devaluation of asset (Loss is listed with “-”)		-3,302.88
Income on disposal of assets (Loss is listed with “-”)	55,893.20	
II. Operating profit (Loss is listed with “-”)	-83,529.74	7,927,994.28
Add: Non-operating income	30.00	
Less: Non-operating expense	290,132.05	24,200.00
III. Total Profit (Loss is listed with “-”)	-373,631.79	7,903,794.28
Less: Income tax	134,566.66	
IV. Net profit (Net loss is listed with “-”)	-508,198.45	7,903,794.28
(i)continuous operating net profit (net loss listed with “-”)	-508,198.45	7,903,794.28
(ii) termination of net profit (net loss listed with “-”)		
V. Net after-tax of other comprehensive income		

(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1.Changes of the defined benefit plans that re-measured		
2.Other comprehensive income under equity method that cannot be transfer to gain/loss		
3.Change of fair value of investment in other equity instrument		
4.Fair value change of enterprise's credit risk		
5. Other		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1.Other comprehensive income under equity method that can transfer to gain/loss		
2.Change of fair value of other debt investment		
3.Amount of financial assets re-classify to other comprehensive income		
4.Credit impairment provision for other debt investment		
5.Cash flow hedging reserve		
6.Translation differences arising on translation of foreign currency financial statements		
7.Other		
VI. Total comprehensive income	-508,198.45	7,903,794.28
VII. Earnings per share:		
(i) Basic earnings per share		
(ii) Diluted earnings per share		

5. Consolidated Cash Flow Statement

In RMB

Item	Semi-annual of 2020	Semi-annual of 2019
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	345,543,772.43	516,354,870.14
Net increase of customer deposit and interbank deposit		
Net increase of loan from central bank		
Net increase of capital borrowed from other financial institution		
Cash received from original insurance contract fee		
Net cash received from reinsurance business		
Net increase of insured savings and investment		
Cash received from interest, commission charge and commission		
Net increase of capital borrowed		
Net increase of returned business capital		
Net cash received by agents in sale and purchase of securities		
Write-back of tax received	27,911,364.58	18,156,060.52
Other cash received concerning operating activities	29,222,982.06	23,261,940.06
Subtotal of cash inflow arising from operating activities	402,678,119.07	557,772,870.72
Cash paid for purchasing commodities and receiving labor service	310,458,279.86	417,495,100.29
Net increase of customer loans and advances		
Net increase of deposits in central bank and interbank		
Cash paid for original insurance		

contract compensation		
Net increase of capital lent		
Cash paid for interest, commission charge and commission		
Cash paid for bonus of guarantee slip		
Cash paid to/for staff and workers	65,604,976.15	63,172,046.67
Taxes paid	6,133,273.62	8,042,420.72
Other cash paid concerning operating activities	32,653,377.25	73,304,150.34
Subtotal of cash outflow arising from operating activities	414,849,906.88	562,013,718.02
Net cash flows arising from operating activities	-12,171,787.81	-4,240,847.30
II. Cash flows arising from investing activities:		
Cash received from recovering investment		
Cash received from investment income	54,131.01	
Net cash received from disposal of fixed, intangible and other long-term assets	22,055,057.42	
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		
Subtotal of cash inflow from investing activities	22,109,188.43	
Cash paid for purchasing fixed, intangible and other long-term assets	2,145,070.00	15,487,389.84
Cash paid for investment	10,000,000.00	
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities		

Subtotal of cash outflow from investing activities	12,145,070.00	15,487,389.84
Net cash flows arising from investing activities	9,964,118.43	-15,487,389.84
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Including: Cash received from absorbing minority shareholders' investment by subsidiaries		
Cash received from loans	16,971,420.99	65,683,927.18
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities	16,971,420.99	65,683,927.18
Cash paid for settling debts	23,170,050.24	53,222,974.42
Cash paid for dividend and profit distributing or interest paying	1,304,694.91	2,068,206.58
Including: Dividend and profit of minority shareholder paid by subsidiaries		
Other cash paid concerning financing activities		
Subtotal of cash outflow from financing activities	24,474,745.15	55,291,181.00
Net cash flows arising from financing activities	-7,503,324.16	10,392,746.18
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	1,096,336.89	-1,611,685.44
V. Net increase of cash and cash equivalents	-8,614,656.65	-10,947,176.40
Add: Balance of cash and cash equivalents at the period -begin	184,603,638.72	182,767,125.48
VI. Balance of cash and cash equivalents at the period -end	175,988,982.07	171,819,949.08

6. Cash Flow Statement of Parent Company

In RMB

Item	Semi-annual of 2020	Semi-annual of 2019
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	22,978,886.95	74,442,966.97
Write-back of tax received	2,000.54	
Other cash received concerning operating activities	11,946,999.88	24,878,328.23
Subtotal of cash inflow arising from operating activities	34,927,887.37	99,321,295.20
Cash paid for purchasing commodities and receiving labor service	16,522,497.80	25,971,148.25
Cash paid to/for staff and workers	17,342,332.23	15,978,127.46
Taxes paid	768,741.55	1,146,367.73
Other cash paid concerning operating activities	13,337,016.38	76,293,284.88
Subtotal of cash outflow arising from operating activities	47,970,587.96	119,388,928.32
Net cash flows arising from operating activities	-13,042,700.59	-20,067,633.12
II. Cash flows arising from investing activities:		
Cash received from recovering investment		
Cash received from investment income	54,131.01	
Net cash received from disposal of fixed, intangible and other long-term assets	57,000.00	
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		
Subtotal of cash inflow from investing activities	111,131.01	0.00

Cash paid for purchasing fixed, intangible and other long-term assets	264,360.00	71,454.89
Cash paid for investment	10,000,000.00	
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	10,264,360.00	71,454.89
Net cash flows arising from investing activities	-10,153,228.99	-71,454.89
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Cash received from loans		
Other cash received concerning financing activities	11,000,000.00	
Subtotal of cash inflow from financing activities	11,000,000.00	
Cash paid for settling debts		
Cash paid for dividend and profit distributing or interest paying		
Other cash paid concerning financing activities	21,333,129.97	
Subtotal of cash outflow from financing activities	21,333,129.97	
Net cash flows arising from financing activities	-10,333,129.97	
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	33,965.99	121.41
V. Net increase of cash and cash equivalents	-33,495,093.56	-20,138,966.60
Add: Balance of cash and cash equivalents at the period -begin	56,205,332.78	58,180,225.27
VI. Balance of cash and cash equivalents at the period -end	22,710,239.22	38,041,258.67

7. Statement of Changes in Owners' Equity (Consolidated)

Current Period

In RMB

Item	Semi-annual of 2020													Minority interests	Total owners' equity
	Owners' equity attributable to the parent Company														
	Share capital	Other equity instrument			Capital reserve	Less : Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Provision of general risk	Retained profit	Other	Subtotal		
Preferred stock		Perpetual capital securities	Other												
I. Balance at the end of the last year	266,071,320.00				284,054,997.75		707,156.17		21,908,064.19		314,460,431.58		887,201,969.69	157,934,660.45	1,045,136,630.14
Add: Changes of accounting policy															
Error correction of the last period															
Enterprise combine under the same control															
Other															
II. Balance at the beginning of this year	266,071,320.00				284,054,997.75		707,156.17		21,908,064.19		314,460,431.58		887,201,969.69	157,934,660.45	1,045,136,630.14
III. Increase/Decrease in this year (Decrease is listed with "-")							1,303,508.70				16,135,719.93		17,439,228.63	1,662,693.74	19,101,922.37
(i) Total comprehensive							1,303,508.70				16,135,719.93		17,439,228.63	1,662,693.74	19,101,922.37

e income							3,50				35,7		39,2	2,69	01,9
							8.70				19.9		28.6	3.74	22.3
											3		3		7
(ii) Owners' devoted and decreased capital															
1.Common shares invested by shareholders															
2. Capital invested by holders of other equity instruments															
3. Amount reckoned into owners equity with share-based payment															
4. Other															
(III) Profit distribution															
1. Withdrawal of surplus reserves															
2. Withdrawal of general risk provisions															
3. Distribution for owners (or shareholders)															
4. Other															
(IV) Carrying forward internal owners' equity															
1. Capital reserves conversed to capital (share capital)															
2. Surplus reserves conversed to capital (share															

capital)															
3. Remedying loss with surplus reserve															
4. Carry-over retained earnings from the defined benefit plans															
5. Carry-over retained earnings from other comprehensive income															
6. Other															
(V) Reasonable reserve															
1. Withdrawal in the report period															
2. Usage in the report period															
(VI)Others															
IV. Balance at the end of the report period	266,071,320.00				284,054,997.75		2,010,664.87		21,908,064.19		330,596,151.51		904,641,198.32	159,597,354.19	1,064,238,552.51

Last Period

In RMB

Item	Semi-annual of 2019													Minority interests	Total owners' equity
	Owners' equity attributable to the parent Company											Subtotal			
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Provision of general risk	Retained profit		Other		
Preferred stock	Perpetual capital	Other													

			sec uri tie s												
I. Balance at the end of the last year	266,071,320.00				284,054,997.75		-675,743.05		21,908,064.19		232,148,801.35		803,507,440.24	140,369,312.43	943,876,752.67
Add: Changes of accounting policy															
Error correction of the last period															
Enterprise combine under the same control															
Other															
II. Balance at the beginning of this year	266,071,320.00				284,054,997.75		-675,743.05		21,908,064.19		232,148,801.35		803,507,440.24	140,369,312.43	943,876,752.67
III. Increase/Decrease in this year (Decrease is listed with “-”)							-35,906.51				28,420,094.20		28,384,187.69	3,085,831.75	31,470,019.44
(i) Total comprehensive income							-35,906.51				28,420,094.20		28,384,187.69	3,085,831.75	31,470,019.44
(ii) Owners' devoted and decreased capital															
1.Common shares invested by shareholders															

2. Capital invested by holders of other equity instruments																			
3. Amount reckoned into owners equity with share-based payment																			
4. Other																			
(III) Profit distribution																			
1. Withdrawal of surplus reserves																			
2. Withdrawal of general risk provisions																			
3. Distribution for owners (or shareholders)																			
4. Other																			
(IV) Carrying forward internal owners' equity																			
1. Capital reserves converted to capital (share capital)																			
2. Surplus reserves converted to capital (share capital)																			
3. Remedying loss with surplus reserve																			
4. Carry-over retained earnings																			

from the defined benefit plans															
5. Carry-over retained earnings from other comprehensive income															
6. Other															
(V) Reasonable reserve															
1. Withdrawal in the report period															
2. Usage in the report period															
(VI)Others															
IV. Balance at the end of the report period	266,071,320.00				284,054,997.75		-711,649.56		21,908,064.19		260,568,895.55		831,891,627.93	143,455,144.18	975,346,772.11

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

Current Period

In RMB

Item	Semi-annual of 2020											Total owners' equity
	Share capital	Other equity instrument			Capital public reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Retained profit	Other	
		Preferred stock	Perpetual capital securities	Other								
I. Balance at the end of the last year	266,071,320.00				279,115,900.17				19,184,672.34	-40,125,151.87		524,246,740.64
Add: Changes of accounting												

policy												
Error correction of the last period												
Other												
II. Balance at the beginning of this year	266,071,320.00				279,115,900.17				19,184,672.34	-40,125,151.87		524,246,740.64
III. Increase/Decrease in this year (Decrease is listed with “-”)												
(i) Total comprehensive income										-508,198.45		-508,198.45
(ii) Owners’ devoted and decreased capital												
1. Common shares invested by shareholders												
2. Capital invested by holders of other equity instruments												
3. Amount reckoned into owners equity with share-based payment												
4. Other												
(III) Profit distribution												
1. Withdrawal of surplus reserves												
2. Distribution for owners (or shareholders)												
3. Other												
(IV) Carrying forward												

internal owners' equity												
1. Capital reserves converted to capital (share capital)												
2. Surplus reserves converted to capital (share capital)												
3. Remedying loss with surplus reserve												
4. Carry-over retained earnings from the defined benefit plans												
5. Carry-over retained earnings from other comprehensive income												
6. Other												
(V) Reasonable reserve												
1. Withdrawal in the report period												
2. Usage in the report period												
(VI)Others												
IV. Balance at the end of the report period	266,071,320.00				279,115,900.17				19,184,672.34	-40,633,350.32		523,738,542.19

Last Period

In RMB

Item	Semi-annual of 2019											
	Share capital	Other equity instrument			Capital public reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Retained profit	Other	Total owners' equity
		Preferrred	Perpetual capital	Other								

		stock	al securities				e					
I. Balance at the end of the last year	266,071,320.00				279,115,900.17				19,184,672.34	-64,310,165.40		500,061,727.11
Add: Changes of accounting policy												
Error correction of the last period												
Other												
II. Balance at the beginning of this year	266,071,320.00				279,115,900.17				19,184,672.34	-64,310,165.40		500,061,727.11
III. Increase/Decrease in this year (Decrease is listed with “-”)										7,903,794.28		7,903,794.28
(i) Total comprehensive income										7,903,794.28		7,903,794.28
(ii) Owners' devoted and decreased capital												
1. Common shares invested by shareholders												
2. Capital invested by holders of other equity instruments												
3. Amount reckoned into owners equity with share-based payment												

4. Other												
(III) Profit distribution												
1. Withdrawal of surplus reserves												
2. Distribution for owners (or shareholders)												
3. Other												
(IV) Carrying forward internal owners' equity												
1. Capital reserves converted to capital (share capital)												
2. Surplus reserves converted to capital (share capital)												
3. Remedying loss with surplus reserve												
4. Carry-over retained earnings from the defined benefit plans												
5. Carry-over retained earnings from other comprehensive income												
6. Other												
(V) Reasonable reserve												
1. Withdrawal in the report period												

2. Usage in the report period												
(VI)Others												
IV. Balance at the end of the report period	266,071,320.00				279,115,900.17				19,184,672.34	-56,406,371.12		507,965,521.39

III. Company profile

1. Enterprise registration place, Organization form and Headquarters address

Shandong Zhonglu Oceanic Fisheries Co., Ltd. (hereinafter referred to as “Company” or “the Company”), registration address: No. 29 Miaoling Road, Laoshan District, Qingdao Shandong, headquarter locates at No. 65 Haier Road, Qingdao Shandong, was incorporated as a joint stock limited company in the People’s Republic of China on 30 July 1999 according to the documentation of Lu Ti Gai Zi [1999] No.85 issued by Shandong Development and Reform Commission, and the holding company of the Company is Shandong Fisheries Enterprise Group General Corporation, the main sponsor. On 26 June 2000, being approved by the documentation of Zheng Jian Fa Xing Zi [2000] No.82 issued by the China Securities Regulatory Commission, the Company’s B-share, stock ID “Zhonglu B”, stock code “200992” are listing for trading on Shenzhen Stock Exchange dated 24 July 2000.

Basic organization structure of the Company: Shareholder General Meeting, BOD, Supervisory Committee, Office of the GM (Office of the Party Committee), Departments of HR(Organization Dept.), Financial Management Dept. (Capital Operation Dept.), Enterprise Development Dept., Auditing Dept., Oceanic Management Dept., Office of the Discipline Inspection Commission, Party-Masses Relationship Dept. and Risk Control Dept. (Legal Affairs Dept.).

2. Business nature and main business activities of Enterprise

Corporate industry: ocean-going fisheries

Corporate major products: tuna and its products

Operating scope: general management projects: sales and processing of aquatic products; merchandise import and export business within approved scope; ice machine manufacture and sale; refrigeration equipment manufacturing, installation, maintenance; refrigeration; load and unload services; housing lease.

Pre-license operation: offshore fishing and distant fishing.

3. Person approves the financial report for disclosed and date for report

The financial report has been approved for report by the Board dated 26 August 2020.

Ended as 30 June 2020, consolidation scope of the Company including 4 secondary enterprises, 4

three-tier enterprises and one operation entity with controlling rights obtained through operating lease.

4 secondary enterprises: Shandong Zhonglu Fishery Shipping Co., Ltd., Shandong Zhonglu Oceanic (Yantai) Foods Co., Ltd., HABITAT INTERNATIONAL CORPORATION and Shandong Zhonglu Haiyan Deep-sea Fishery Co., Ltd; 4 three-tier enterprises: LAIF FISHERIES COMPANY LIMITED, Shandong Zhonglu Ocean Refrigerated Co., Ltd., AFRICA STAR FISHERIES LIMITED and ZHONG GHA FOODS COMPANY LIMITED; one operation entity with controlling rights obtained through operating lease: YAW ADDO FISHERIES COMPANY LIMITED. Entity of the consolidate scope found more in Note IX- Equity in Other entity

IV. Preparation basis of Financial Statements

1. Preparation basis

Preparation basis: Base on the running continuously and actual transactions and events, in line with the Accounting Standards for Business Enterprise – Basic Standards and specific principle of accounting standards issued by the Ministry of Finance, the Company prepared and formulate the financial statement lies on the followed important accounting policy and estimation.

2. Going concern

The Company have the ability to continue as a going concern within 12 months at least since end of the reporting period, there are no major events that impact the ability to continue as a going concern

V. Important accounting policy and estimation

Notes on specific accounting policies and accounting estimation:

According to actual production and operation characteristics and regulation of relevant accounting standards for enterprises, the Company and its subsidiaries, formulated a variety of specific accounting policies and estimations in aspect of the transaction and events such as provision for bad debts of the receivable, valuation method of inventory, depreciation of the fixed assets, amortization of intangible assets, revenue recognition etc.

1. Declaration of obedience to Accounting Standards for Business Enterprise

The Financial Statements of the Company are up to requirements of Accounting Standards for Business Enterprise and also a true and thorough reflection to the relevant information as the Company's financial position dated 30th June 2020 and the operation results as well as cash flow from January to June in 2020.

2. Accounting period

The Company's accounting year is Gregorian calendar year, namely from 1st January to 31st December of every year.

3. Business cycle

The Company's business cycle is one year (12 months) as a normal cycle, and the business cycle is the determining criterion for the liquidity of assets and liabilities of the Company.

4. Bookkeeping standard currency

The Renminbi (RMB) is taken as the book-keeping standard currency

5. Accounting methods for consolidation of enterprises under the same control or otherwise

(1) Consolidation of enterprises under the same control

Where the Company for long term equity investment arising from business combination under common control satisfies the combination consideration by payment of cash, transfer of non-cash assets or assumption of debt, the carrying value of the net assets of the acquiree in combined financial statement of the ultimate controller shared by the Company as at the combination date shall be deemed as the initial investment cost of such long term equity investment. If the equity instrument issued by combining party are consider as the combination consideration, than the total value of the issuing shares are consider as the share capital. The difference between the initial cost of long-term equity investment and book value of consideration (or total face value of the shares issued) paid, capital surplus adjusted; if the capital surplus not enough to written down, than retained earning adjusted.

(2) Business combination not under common control

As for business combination not under common control, combination costs refer to the sum of the fair value of the assets paid, liabilities occurred or assumed as well as equity securities issued by the acquirer to obtain control over the acquiree as at the acquisition date. As for acquiree that obtained by consolidation not under the same control, the qualified confirmation of identified assets, liability and contingency liabilities should calculated by fair value on day of purchased. If the consolidation cost larger than the fair value amount of identified net assets from acquiree's, the differences should be recognized as goodwill. If the consolidation cost less than the fair value amount of identified net assets from acquiree's, the differences should reckoned into current gains/losses after re-examination.

6. Preparation methods for consolidated financial statements

(1) Consolidation financial statement range

The Company includes all the subsidiaries (including the separate entities controlled by the Company) into consolidated financial statement, including companies controlled by the Company, non-integral part of the investees and structural main body.

(2) Centralize accounting policies, balance sheet dates and accounting periods of parent and subsidiaries.

As for the inconsistency between the subsidiaries and the Company in the accounting policies and periods, the necessary adjustment is made on the subsidiaries' financial statements in the

preparation of the consolidated financial statements according to the Company's accounting policies and periods.

(3) Set-off of consolidated financial statement

The consolidated financial statements shall be prepared on the basis of the balance sheet of the parent company and subsidiaries, which offset the internal transactions incurred between the parent company and subsidiaries and within subsidiaries. The owner's equity of the subsidiaries not attributable to the parent company shall be presented as minority equity under the owner's equity item in the consolidated balance sheet. The long term equity investment of the parent company held by the subsidiaries, deemed as treasury stock of the corporate group as well as the reduction of owners' equity, shall be presented as "Less: treasury stock" under the owners' equity item in the consolidated balance sheet.

(4) Accounting for acquisition of subsidiary through combination

For subsidiaries acquired under enterprise merger involving enterprises under common control, the assets, liabilities, operating results and cash flows of the subsidiaries are included in the consolidated financial statements from the beginning of the financial year in which the combination took place. When preparing the consolidated financial statements, for the subsidiaries acquired from business combination not involving entities under common control, the identifiable net assets of the subsidiaries are adjusted on the basis of their fair values on the date of acquisition.

(5) Accounting treatment of disposal of subsidiaries

In the case of partial disposal of long-term equity investments in subsidiaries without loss of control, in the consolidated financial statements, the difference between the disposal cost and the subsidiary's share of net assets continuously calculated from the date of purchase or consolidation corresponding to the disposal of long-term equity investments adjusts the capital reserve (capital premium or equity premium), if the capital reserve is insufficient to offset, adjust the retained earnings.

If the control of the investee is lost due to the disposal of part of the equity investment, when preparing the consolidated financial statements, the remaining equity shall be remeasured at its fair value on the date of loss of control. The balance after subtracting the share of the original subsidiary's net assets calculated continuously from the date of purchase or combination according to the original shareholding ratio from the sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity is included in the current investment income of loss of control right, and offsets goodwill. Other comprehensive income related to the equity investment of the original subsidiary will be transferred to the current investment income when the

control is lost.

7. Classification of joint arrangements and accounting treatment of joint operation

(1) Classification of joint arrangements

Joint arrangements are divided into joint operations and joint ventures. Joint arrangements achieved not through separate entities are classified as joint operations. Separate entities refer to the entities with separate identifiable financial architecture including separate legal entities and legally recognized entities without the qualification of legal entity. Joint arrangements achieved through separate entities are generally classified as joint ventures. In case of changes in rights entitled to and obligations undertaken by the parties of joint venture under a joint arrangement due to the changes in relevant facts and circumstances, the parties of joint venture will re-assess the classification of joint arrangements.

(2) Accounting treatment for joint operations

As a parties of joint operation, the Company should recognize the following items in relation to their share of interest in joint operation, and proceed with accounting in accordance with the relevant provisions under the Accounting Standards for Business Enterprises: to recognize their separate assets or liabilities held, and recognize the assets or liabilities jointly held according to their respective shares; to recognize the income from the disposal of their output share under joint operation; to recognize the income from the disposal of output under joint operation according to their respective shares; to recognize the expenses incurred separately, and recognize the expenses incurred under joint operation according to their respective shares.

As a parties of a joint operation not under common control, if they are entitled to relevant assets and undertake relevant liabilities of the joint operation, accounting will be carried out with reference to the provisions of the parties of joint operation; otherwise, it should be subject to relevant Accounting Standards for Business Enterprises.

(3) Accounting treatment for joint ventures

The parties of a joint venture should perform accounting for investments by the joint venture in accordance with the Accounting Standards for Business Enterprises No. 2 – Long-term Equity Investments. The parties not under common control should carry out accounting depending on their influence on the joint venture.

8. Determination criteria of cash and cash equivalent

The cash recognized in the preparation of the cash flow statements, is the Company's storage cash and deposits available for payment anytime. The cash equivalents recognized in the preparation of the cash flow statements refers to the investment held by the Company with characteristic of short-term, strong mobility, easy transfer to known sum cash and has slim risk from value changes.

9. Foreign currency exchange and the conversion of foreign currency statements

(1) Foreign currency exchange

The foreign currency exchange is booked on the current exchange rate on the transaction day and converted in the bookkeeping standard currency. On the balance sheet day, the monetary items are converted on the current rate on the balance sheet day, concerning the exchange differences between the spot exchange rate on that date and initial confirmation or the spot exchange rate on previously balance sheet date, should be reckoned in to current gains/losses except the capitalizing on exchange differences for foreign specific loans, which was reckoned into cost for capitalizing. The non-monetary items measured on the historic cost are still measured by the original bookkeeping rate with the sum of the bookkeeping standard currency unchanged. Items of non-monetary foreign currency which was calculated by fair value, should be converted by spot exchange rate on the confirmation day of fair value, difference between the converted amount of bookkeeping currency and original amount of bookkeeping currency, was treated as changes of fair value (including exchange rate changed) reckoned into current gains/losses or recognized as other consolidated income.

(2) Conversion of foreign currency financial statements

Upon the conversion of the foreign currency financial statements of the controlling subsidiaries, joint enterprises, and the affiliated enterprises on the bookkeeping standard currency different from the Company's, the accounting check and preparation of the consolidated financial statements are made. Assets and liabilities items in the balance sheet, are converted on the current rate on the balance sheet day; owners' equity items besides the "retained profit" item, the other items are converted on the actual rate. Incomes and expenses items in the profit statement are converted on the current rate. The conversion difference of the foreign currency financial statements is listed specifically in the owners' equity in the balance sheet. The foreign currency cash flow is converted on the current rate on the cash flow actual day. The cash influenced by the rate fluctuation is listed specifically in the cash flow statement. As for the foreign operation, the conversion difference of the foreign currency statement related to the foreign operation is transferred in proportion into the disposal of the current loss/gain.

10. Financial instruments

(1) Category and re-classification of financial instrument

Financial instrument is the contract that taken shape of the financial assets for an enterprise and of the financial liability or equity instrument for other units.

① Financial asset

The financial assets meet the following conditions simultaneously are classified as financial assets measured by amortized cost: **a-**The Company's business model for managing financial assets measured at amortized cost is to collect contractual cash flows; and **b-** according to the contract regulations, the cash flows generated on a specific date are only the payment for the principal and

the interest based on the outstanding principal amount.

The financial assets meet the following conditions simultaneously are classified as financial assets measured on fair value and with its variation reckoned into other comprehensive income:**a**-The Company's business model for managing such financial assets is to target at both the collection of contractual cash flows and the sale; and **b**-according to the contract regulations, the cash flows generated on a specific date are only the payment for the principal and the interest based on the outstanding principal amount.

For non-trading equity instrument investments, the Company irreversibly designates them as the financial assets that are measured at fair value and whose changes are included in other comprehensive income in the initial recognition. The designation is made based on a single investment and the relevant investment is in line with the definition of equity instruments from the issuer's perspective.

Except for financial assets measured at amortized cost and financial assets measured at fair value and whose changes are included in other comprehensive income, the Company classifies the financial assets as financial assets measured at fair value and whose changes are included in current profit and loss. At the initial recognition, if the accounting mismatch can be eliminated or reduced, the Company can irrevocably designate the financial assets as financial assets measured at fair value and whose changes are included in current profit and loss.

When the Company changes its business model of managing financial assets, it will reclassify all affected financial assets on the first day of the first reporting period after the business model changes, and adopt the future applicable method from the date of reclassification for relevant accounting treatment, and will not make retrospective adjustments to previously recognized gains, losses (including impairment losses or gains) or interest.

②Financial liability

At initial recognition, financial liabilities are classified into financial liabilities measured by fair value with changes counted into current gains/losses; and the financial liabilities measured at amortized cost. All financial liabilities are not reclassified.

(2) Measurement of financial instrument

The initial recognition of the Company's financial instruments is measured at fair value. For financial assets and financial liabilities measured at fair value and whose changes are included in current profit and loss, the related transaction expenses are directly recognized in current profit and loss. For other financial assets or financial liabilities, the related transaction expenses are included in the initial recognition amount. For the accounts receivable or notes receivable arising from the sale of products or the provision of labor services that do not contain or consider significant

financing components, the Company shall use the consideration amount that is expected to be received as the initial recognition amount. Subsequent measurement of financial instruments depends on their classification.

① Financial assets

a. Financial assets measured at amortized cost: After initial recognition, such financial assets are measured at amortized cost by using the effective interest method. Gains or losses arising from financial assets which are measured at amortized cost and are not a component of any hedging relationship are included in current profit or loss when being derecognized, re-classified and amortized by effective interest method, or impaired.

b. Financial assets measured at fair value and whose changes are included in other comprehensive income: After initial recognition, such financial assets (part of the financial assets belonging to hedging relationship excluded) are subsequently measured at fair value. The gains or losses (interest and dividend revenue included) are reckoned into current gains/losses.

c. Debt instrument investment measured at fair value and with its variation reckoned into other comprehensive income: After initial recognition, such financial assets are subsequently measured at fair value. The interest calculated by using the effective interest method, the impairment loss or gains and the exchange gains and losses are recognized in the current profit and loss, other gains or losses are recognized in other comprehensive income. When being derecognized, the accumulated gains or losses previously recognized in other comprehensive income are transferred from other comprehensive income and recognized in current profit and loss.

② Financial liability

a. Financial liabilities measured at fair value and whose changes are included in current profit and loss: Such financial liabilities include transactional financial liabilities (including derivatives that are financial liabilities) and financial liabilities designated to be measured at fair value and whose changes are included in current profit and loss. After the initial recognition, such financial liabilities are subsequently measured at fair value, in addition to relevant to the hedge accounting, the gains or losses (including interest expenses) arising from changes in the fair value of the financial liabilities are included in current profit and loss. If the financial liabilities are designated to be measured at fair value and whose changes are included in current profit and loss, the changes in the fair value of the financial liabilities caused by the changes in the enterprise's own credit risks are included in other comprehensive income, and other changes in fair value are included in current profit and loss. If the effect of the change in the credit risk of the financial liability being included in other comprehensive income shall cause or expand the accounting mismatch in profit or loss, the Company will include the entire gains or losses of the financial liability in the current profit and loss.

b. Financial liabilities measured at amortized cost: After initial recognition, such financial liabilities are measured at amortized cost by using the effective interest method.

(3) How the Company recognizes the fair value of financial instruments

If the financial instrument has an active market, its fair value is determined by the quoted price in the active market; if the financial instrument doesn't have an active market, its fair value is determined by the valuation technique. Valuation techniques mainly include market approach, income approach and cost method. In limited circumstances, if the recent information used to determine the fair value is insufficient, or the possible estimated amount of fair value is widely distributed, and the cost represents the best estimate of the fair value within the range, the cost may represent the appropriate estimates of fair value within this distribution. The Company uses all the information about the performance and operations of the investee that can be obtained after the initial recognition date to judge whether the cost can represent the fair value.

(4) Confirmation basis and measurement method for transfer of financial assets and financial liabilities

① Financial assets

If the financial asset of the Company meets one of the following conditions, it shall be derecognized: **a.** the contractual right to receive the cash flow of the financial asset is terminated; **b.** the financial asset has been transferred, and the Company has transferred almost all the risks and remuneration of ownership of the financial assets; **c.** the financial asset has been transferred, although the Company has neither transferred nor retained almost all remuneration of the financial assets, it does not retain control over the financial asset.

If the Company neither transfers nor retains almost all remuneration of the financial asset, and does not retain control over the financial asset, the relevant financial asset is recognized according to the extent of continuing involvement in the transferred financial asset, and the related liabilities are recognized accordingly.

If the financial asset transfer generally meets the conditions for derecognition, the difference between the following two amounts is included in the current profit and loss: **a.** the book value of the transferred financial asset on the date of derecognition; **b.** the sum of the consideration received due to the transfer of financial asset and the amount (the financial asset involving transfer is classified as the financial asset measured at fair value and whose changes are included in other comprehensive income) corresponding to the derecognition portion in cumulative amount of changes in fair value originally and directly included in other comprehensive income.

If partial transfer of financial asset meets the conditions for derecognition, the whole book value of the transferred financial asset will be apportioned between the derecognition portion and the non-derecognition portion according to the respective fair value at the transfer date, and then include the difference of following two amounts in profit and loss for the current period: **a.** the book value of the derecognized portion on the date of derecognition; **b.** the sum of the consideration

received from the derecognized portion and the amount (the financial asset involving transfer is classified as the financial asset measured at fair value and whose changes are included in other comprehensive income) corresponding to the derecognition portion in cumulative amount of changes in fair value originally included in other comprehensive income.

② Financial liabilities

If the current obligation of a financial liability (or part of it) has been discharged, the Company derecognizes the financial liability (or part of the financial liability). If a financial liability (or a part of it) is derecognized, the Company includes the difference between the book value and the consideration paid (including the transferred non-cash assets or liabilities assumed) in current profit and loss.

(5) Methods for determining expected credit losses and accounting treatment methods

① Methods for determining expected credit losses

Based on the expected credit losses, the Company conducts accounting for impairment and confirms loss provisions for financial assets (including receivables) measured at amortized cost, debt investments measured at fair value and whose changes are included in other comprehensive income (including receivables financing), and lease receivables.

On each balance sheet date, the Company assesses whether the credit risk of relevant financial instrument has increased significantly since the initial recognition. The process of credit impairment of financial instrument is divided into three stages, and there are different accounting treatment methods for the impairment of financial instrument at different stages: 1) In the first stage, if the credit risk of financial instrument has not increased significantly since the initial recognition, the Company measures the loss provisions according to the expected credit losses of the financial instrument in the next 12 months, and calculate the interest income according to its book balance (i.e., not deducting provision for impairment) and effective interest rate. 2) In the second stage, if the credit risk of financial instrument has increased significantly since the initial recognition but no credit impairment has occurred, the Company measures the loss provisions according to the expected credit losses of the financial instrument for the entire duration, and calculate the interest income according to its book balance and effective interest rate. 3) In the third stage, if the credit risk has credit impairment, the Company measures the loss provisions according to the expected credit losses of the financial instrument for the entire duration, and calculate the interest income according to its book balance (book balance impairment has made provisions for impairment) and effective interest rate.

1) Method for measuring loss provisions for financial instruments with lower credit risk

For financial instruments with lower credit risk on the balance sheet date, the Company can directly make the assumption that the credit risk of the instrument has not increased significantly since the initial recognition without comparing with the credit risk at the initial recognition.

If the default risk of financial instruments is low, the debtor has a strong ability to fulfill its contractual cash flow obligations in the short term, and even if there are unfavorable changes in the economic situation and operating environment in a long period of time, it may not necessarily reduce the borrower's ability to fulfill its contractual cash flow obligations, and the financial instrument shall be deemed to have low credit risk.

2) Methods for measuring the loss provisions of receivables

The Company adopts the simplified method for receivables formed by transactions regulated by the Accounting Standards for Business Enterprises No. 14 - Revenue (whether or not it contains significant financing components), that is, the loss provisions are always measured according to the expected credit loss for the entire duration.

According to the nature of financial instruments, the Company assesses whether the credit risk has increased significantly on the basis of individual financial assets or a combination of financial assets. The Company divides notes receivable and accounts receivable into a number of combinations based on credit risk characteristics, and calculates expected credit losses on the basis of the combination.

A. For accounts receivable among companies within the scope of the Company's consolidated statements, the Company judges that there is no expected credit loss, and no credit loss provision is made.

B. For accounts receivable outside the enterprises within the scope of the consolidated statements of the Company, the Company makes reference to the historical credit loss experience, combines with the current situation and the forecast of future economic conditions, prepares the accounts receivable aging and the expected credit loss rate comparison table for the entire duration, and calculates the expected credit loss.

C. If the Company obtains sufficient evidence of a significant increase in credit risk on a single account receivable, the expected credit loss of the account receivable is determined based on the difference between the book value of the receivable and the present value of the cash flow expected to be received, and provisions for loss are made.

3) Method for measuring loss provisions of other financial assets

For financial assets other than those mentioned above, such as debt investment, other debt investment, other receivables, long-term receivables other than lease receivables, etc., the Company measures loss provisions according to the general method, namely the "three-stage" model.

②Accounting treatment methods of expected credit losses

In order to reflect the changes in the credit risk of financial instruments since the initial recognition, the Company re-measures the expected credit losses on each balance sheet date, and the increase or reversal amount of the loss provisions resulting from this shall be treated as impairment losses or gains and included in the current profit and loss, and according to the type of financial instruments, the book value of the financial assets listed in the balance sheet is deducted or included in the estimated liabilities (loan commitments or financial guarantee contracts) or included in other comprehensive income (debt investments measured at fair value and whose changes are included in other comprehensive income).

11. Account receivable

Found more in Note V-10 Financial instrument

12. Other account receivable

Determination and accounting treatment on expected credit loss of other account receivable

Found more in Note V-10 Financial instrument

13. Inventory

(1)Classification of inventory

Inventory means finished goods and merchandise that are ready for sale, work-in-progress, or material used in the process of production or provision of service in the ordinary course of business. Inventory includes raw materials, revolving materials (packaging, low-value consumables), merchandise in warehouse and goods in transit.

(2)Measurement

Inventories, when delivered, would be determined the actual cost under moving weighted average method.

(3)Provision for impairment of inventory

At the balance sheet date, inventory is recorded at the lower of cost and net realizable value on an individual basis. For items with significant quantity and low values, provision is made based on their categories.

Net realizable value of inventories is determined as follows: ① net realizable value of finished goods is the estimated selling price less relevant tax and selling expenses. The inventories of the Company mainly refer to long-line fishing tuna. The ending net realizable value is determined at the quotation of Qingshui Fishery Ground of Japan on the date which is the most close to the balance sheet date less the relevant expenses that would occur to realize product sales; ② for materials held for production, net realizable value equals the cost if the net realizable value of the

finished goods produced from the materials exceeds the cost; when the price of raw materials decreases indicating that the net realizable value of the relevant finished goods would be lower than cost, the net realizable value is the estimated selling price less costs to completion, selling expenses and relevant tax; and ③ net realizable value of materials held for sale is the market price.

(4) Inventory stocking system

The Company adopts perpetual inventory system for stocking.

(5) Amortization of low value consumables and packing materials

The Company adopts fifty amortization method for low value consumables and packing materials.

14. Contract assets

The Company lists the right to receive consideration (and this right depends on factors other than the passage of time) due to transfer of goods or services to customers as contract assets. Contract assets are provided for impairment based on expected credit losses.

For the determination method and accounting treatment method of the Company to expected credit loss of contract assets, please refer to the related content of "financial instruments" in accounting policies and accounting estimates.

15. Contract cost

The Company's contract costs include incremental costs incurred to obtain contracts and contract performance costs. The incremental costs incurred to obtain the contract ("contract acquisition costs") refer to the costs that would not be incurred without obtaining the contract. If the cost is expected to be recovered, the Company will recognize it as an asset as the contract acquisition cost.

The cost incurred by the Company for the performance of the contract that does not fall within the scope of other business accounting standards such as inventory and meets the following conditions at the same time is recognized as an asset as the contract performance cost:

- (1) The cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing expenses (or similar expenses), costs clearly borne by the user, and other costs incurred solely due to the contract;
- (2) The cost increases the Company's future resources for fulfilling contract performance obligations;
- (3) The cost is expected to be recovered.

The Company amortizes the assets recognized for contract acquisition costs and contract performance costs (hereinafter referred to as "assets related to contract costs") on the same basis as the recognition of commodity revenue related to the assets and includes in the current profits and losses. If the amortization period of the asset formed by the incremental cost of obtaining the contract does not exceed one year, it shall be included in the current profits and losses when it occurs.

When the book value of the asset related to the contract cost is higher than the difference between the following two items, the Company will make provisions for impairment for the excess part and recognize it as an asset impairment loss:

- (1) Remaining consideration expected to be obtained due to the transfer of commodities related to the asset;
- (2) Cost estimated to incur for the transfer of the relevant goods.

16. Long-term equity investments

(1) Recognition of initial investment cost

Initial investment cost of long term equity investment obtained by corporate consolidation: in the case of the consolidation of enterprises under the same control, recognized as the initial cost is the book value of the owners' equity obtained from the consolidated party; in the case of the consolidation of enterprises not under the same control, recognized as the initial cost is the recognized consolidation cost on the purchase day. As for the long term equity investment obtained by cash payment, the initial investment cost is the actual purchase payment. As for the long term equity investment obtained by the equity securities offering, the initial investment cost is the fair value of the equity securities. As for the long-term equity investment obtained by debt reorganization, initial investment cost of such investment should determine by relevant regulation of the "Accounting Standards for Business Enterprise No.12- Debt Reorganization"; As for the long term equity investment obtained by the exchange of the non-monetary assets and the debts restructuring, the initial investment cost is recognized on the relevant rules of "Accounting Standards for Business Enterprise No.7- Exchange of the Non-monetary Assets".

(2) Subsequent measurement and profit or loss recognition

Where the investor has a control over the investee, long-term equity investments are measured using cost method. Long-term equity investments in associates and joint ventures are measured using equity method. Where part of the equity investments of an investor in its associates are held indirectly through venture investment institutions, common fund, trust companies or other similar entities including investment linked insurance funds, such part of equity investments indirectly held by the investor shall be measured at fair value through profit or loss according to relevant requirements of Accounting Standards for Business Enterprises No.22—Recognition and

measurement of Financial Instruments regardless whether the above entities have significant influence on such part of equity investments, while the remaining part shall be measured using equity method.

(3) Basis of conclusion for common control and significant influence over the investee

Joint control over an investee refers to where the activities which have a significant influence on return on certain arrangement could be decided only by mutual consent of the investing parties sharing the control, which includes the sales and purchase of goods or services, management of financial assets, acquisition and disposal of assets, research and development activities and financing activities, etc.; Significant influence on the investee refers to that: significant influence over the investee exists when holding more than 20% but less than 50% of the shares with voting rights or even if the holding is below 20%, there is still significant influence if any of the following conditions is met: there is representative in the board of directors or similar governing body of the investee; participation in the investee's policy setting process; assign key management to the investee; the investee relies on the technology or technical information of the investing company; or major transactions with the investee.

17. Investment real estate

Measurement for investment real estate

Cost method

Depreciation or amortization method

Investment real estate of the Company refers to the leased buildings. The investment real estate of the Company is initially measured by cost and conducting follow-up measures by cost mode.

Accrued on the year averaging is the depreciation of the lease buildings in the Company's investment property. The detailed check principle is same as that of the fixed assets. The rented land use rights and land use rights held for transfer after appreciation owned by the Company was adopted line amortization method. Detail calculation policy was similar to intangible assets.

18. Fixed assets

(1) Recognition

The fixed assets are tangible assets held for the goods production, labor supply, lease or operation & management, and with above one-accounting-year service life; meanwhile as up to the following conditions, they are recognized: The economic interest related to the fixed assets probably flow into the Company; The cost of the fixed assets can be measured reliably.

(2) Depreciation method

Category	Depreciation method	Depreciation life (year)	Salvage rate	Annual depreciation rate
House and building	Straight-line depreciation	20-40	0-10	2.25-5.00
Vessel and netting gear	Straight-line	5-30	3-5	3.17-19.40

	depreciation			
Machine equipment	Straight-line depreciation	8-20	0-10	4.5-12.50
Transportation equipment	Straight-line depreciation	5	0-10	18.00-20.00
Furniture and office equipment	Straight-line depreciation	5	0-10	18.00-20.00

The Company's fixed assets mainly include housing and buildings, vessels and netting, machinery and equipment, transportation equipment, furniture and office equipment; and the depreciation method adopts the straight-line depreciation. The useful life and estimated net residual value of fixed assets are determined by the nature and use condition of various types of fixed assets. The useful life, estimated net residual value, and depreciation method of fixed assets are rechecked at the end of the year, if there is difference with the former estimated number, corresponding adjustments should be made. In addition to the fixed assets that have been accrued depreciation and still continue to use and the land that has been separately valued and recorded, the Company counts and draws the depreciation of all fixed assets.

(3) Recognition, evaluation and depreciation of the fixed assets under finance lease

Recognition of fixed assets under finance lease: the nature of this kind of lease is a transfer of all risk and rewards related to the ownership of assets. Measurement of fixed assets under finance lease: the initial amount of a fixed asset under finance lease should be recorded as the lower of fair value of the leased asset at the beginning date of lease term and the present value of minimum lease payment. Subsequent measurement of fixed assets under finance lease should be in accordance with the accounting policies adopted for self-owned fixed assets in respect of provision of depreciation and impairment.

19. Construction in progress

Construction in progress of the Company divided as self-run construction and out-bag construction. The Construction in progress of the Company carried forward as fixed assets while the construction is ready for the intended use. Criteria of the expected condition for use should apply one of the follow conditions: The substance construction (installation included) of the fixed assets has completed all or basically; As the projects have been in test production or operation, and the results show that the assets can operate properly and produce the qualified products stably, or the test operation result shows the assets can operate or open properly. The expenditure of the fixed assets on the construction, is a little or little. The fixed assets of the project constructed have been up to the requirements of the design or contract, or basically up to.

20. Borrowing expenses

(1) Recognition principle on capitalization of borrowing expenses

As for the Company's actual borrowing expenses directly attributable to the assets construction or production, it is capitalized and reckoned into the relevant assets cost; as for other borrowing expenses, it is recognized on the actual sum and reckoned into the current loss/gain. The assets up to the capitalization are assets as the capital assets, investment real estate, and inventory reaching the expectant availability or sale ability.

(2) Calculation of the capitalization

Capitalization term: the period from the time starts to capitalization to the time the capitalization ends. The period of capitalization suspended is not included. The capitalization of borrowing expenses should be suspended while the abnormal interrupt, which surpass three months continuously, in the middle of acquisition or construction or production.

As for the borrowing of the specific borrowing, the capitalization sum is recognized on the current actual interest expenses less the interest income of the borrowing capital not utilized but deposited in the bank or the return of the temporary investment; As for the appropriation of the general borrowing, the capitalization sum is recognized on the weighted average of, the accumulative assets expenditure above the specific borrowing, and times the capitalization rate of the appropriation; As for the discount or premium of the borrowing, the discount or premium to be diluted in every accounting period is recognized in the actual rate method.

The effective interest method is the method for the measurement of the diluted discount or premium or interest expenses on the actual interest rate; and the actual interest rate is the interest rate used in the discount of the future cash flow in the expectant duration period as the current book value of the borrowing.

21. Intangible assets

(1) Accounting method, service life and impairment test

① Accounting method for intangible assets

The Company's intangible assets are measured initially on cost. The intangible assets purchased in are taken as the actual cost on the actual payment and relevant expenditure. As for the intangible assets invested in by the investors, the actual cost is recognized on the value stipulated in the contract or agreement; however, if what is stipulated in the contract or agreement is not fair value, the actual cost is recognized on fair value. As for the self-developed intangible assets, their cost is the actual total expenditure before reaching the expectant purpose.

The follow-up measurements of the Company's intangible assets respectively are: the line amortization method is taken on the intangible assets of finite service life, and at the year-end, the check is taken on the service life and dilution of the intangible assets, and the corresponding adjustment is made if there is inconsistency with the previous estimate ones. As for the intangible assets of uncertain service life, it is not diluted, however, the service life is checked at year-end; If there is solid evidence to its finite service life, its service life is estimated and diluted in straight line method.

Amortization of intangible assets with limited life:

Category	Service life (Year)	Amortization method
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Land use rights	42	Straight-line method
Patent	10	Straight-line method

② Recognition principle of intangible assets with uncertain service life

Recognized as the intangible assets of uncertain service life is refers to those intangible assets of un-expectable period of economic benefits brought into the Company, or of the uncertain service period. Recognition principle of uncertain service life: from contract right or other legal rights, the uncertain service period is stipulated in the contract or law; after the integration of the situations and relevant expertise argumentation in the same trade, the period of the economic interest brought into the Company by the intangible assets still cannot be recognized.

At every year-end, the check is taken on the intangible assets of uncertain service life, mainly in bottom-up way, namely the basic check is taken by the department relevant to the assets utilization, to assess whether there is change in the recognition principle of the uncertain service life.

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

Expenditures in the research phase of internal research and development projects shall be included in the current profits and losses when incurred; expenditures in the development phase shall be recognized as intangible assets if the following conditions are met at the same time: (1) Completing the intangible asset so that it can be used or sold and has technical feasibility; (2) With the intention to complete the intangible asset and use or sell it; (3) The method of intangible asset generating economic benefits, including the ability to prove that the product produced by the intangible asset exists in the market or the intangible asset itself exists in the market, if the intangible asset will be used internally, its usefulness can be proved; (4) Sufficient technical, financial resources and other resource support are available to complete the development of the intangible asset and have the ability to use or sell the intangible asset; (5) The expenditures vested in the development stage of this intangible asset can be reliably measured.

The specific criteria for dividing the research phase and the development phase of internal research and development projects: the planned investigation phase for acquiring new technology and knowledge should be determined as the research phase, which has the characteristics of planning and exploratory nature; before commercial production or use, the stage of applying research results or other knowledge to a certain plan or design to produce new or substantially improved materials, devices, products, etc. should be determined as the development stage, which has the characteristics of pertinence and greater possibility of forming results.

22. Long-term assets impairment

Long-term equity investments, investment properties measured at cost and long-term assets such as fixed assets, construction in progress, productive biological assets at cost method, oil and gas assets, intangible assets and goodwill are tested for impairment if there is any indication that an asset may be impaired at the balance date. If the result of the impairment test indicates that the

recoverable amount of the asset is less than its carrying amount, a provision for impairment and an impairment loss are recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognized on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

Goodwill arising from a business combination is tested for impairment at least at each year end, irrespective of whether there is any indication that the asset may be impaired. For the purpose of impairment testing, the carrying amount of goodwill acquired in a business combination is allocated from the acquisition date on a reasonable basis to each of the related asset groups; if it is impossible to allocate to the related asset groups, it is allocated to each of the related set of asset groups. If the carrying amount of the asset group or set of asset groups is higher than its recoverable amount, the amount of the impairment loss first reduced by the carrying amount of the goodwill allocated to the asset group or set of asset groups, and then the carrying amount of other assets (other than the goodwill) within the asset group or set of asset groups, pro rata based on the carrying amount of each asset.

Once the impairment loss of such assets is recognized, it is not be reversed in any subsequent period.

23. Long-term deferred expenditure

The Company's long-term deferred expenditure are expenses paid out and with one year above (1-year included) benefit period. The long-term unamortized expenses are diluted by periods according to the benefit period. As the long-term unamortized expenses cannot enable the accounting period's beneficiary, all dilution values of the project undiluted yet, are transferred into the current loss/gain.

24. Contractual liabilities

The obligations to transfer the goods or provided the services to customers after receiving or receivable consideration from the customers are listed as contractual liabilities.

The contractual assets and liabilities under the same contract are listed by net amount.

25. Employees benefits

(1) Accounting for short-term benefits

In the period of employee services, short-term benefits are actually recognized as liabilities and charged to profit or loss, or if otherwise required or allowed by accounting standards of the enterprise, to the related costs of assets for the current period. At the time of actual occurrence,

The Company's employee benefits are recorded into the profits and losses of the current year or assets associated costs according to the actual amount. The non-monetary employee benefits are measured at fair value. Regarding to the medical and health insurance, industrial injury insurance, maternity insurance and other social insurances, housing fund and labor union expenditure and personnel education that the Company paid for employees, the Company should recognize corresponding employees benefits payable according to the appropriation basis and proportion as stipulated by relevant requirements and recognize the corresponding liabilities and include these expenses in the profits or losses of the current period or recognized as respective assets costs.

(2) Accounting for post-employment benefits

During the accounting period in which an employee provides service, the amount payable calculated under defined contribution scheme shall be recognized as a liability and recorded in profit and loss of the current period or in assets. In respect of the defined benefit scheme, the Company shall use the projected unit credit method and attribute the welfare obligations calculated using the formula stipulated by the defined benefit scheme to the service period of the employee, and record the obligation in the current profit and loss or related assets cost.

(3) Accounting for termination benefits

The Company recognizes a liability and expenses in the current profit or loss for termination benefits at the earlier of the following dates: when the Company can no longer withdraw the offer of those benefits; and when the Company recognizes costs for restructuring involving the payment of termination costs.

(4) Accounting for other long-term employee benefits.

The Company provides other long-term employee benefits to its employees. For those falling within the scope of defined contribution scheme, the Company shall account for them according to relevant requirements of the defined contribution scheme. In addition, the Company recognizes and measures the net liabilities or net assets of the other long-term employee benefits according to relevant requirements of the defined contribution scheme.

26. Revenue

Accounting policies for recognition and measurement of revenue

The Company has fulfilled the performance obligations in the contract, that is, when the customer obtains control of the relevant goods or services, the revenue is recognized at the transaction price allocated to the performance obligation. Obtaining control rights of related commodities means being able to lead the use of the commodities and obtain almost all economic benefits from them. Performance obligations refer to the Company's commitment to transfer clearly distinguishable products to customers in the contract. The transaction price refers to the amount of consideration that the Company expects to be entitled to receive due to the transfer of goods to the customer, excluding the amount collected on behalf of a third party and the amount that the Company expects to return to the customer.

Whether the performance obligation is performed within a certain period of time or at a certain point in time depends on the terms of the contract and relevant legal provisions. If the performance obligation is performed within a certain period of time, the Company recognizes revenue according to the performance progress. Otherwise, the Company recognizes revenue at a certain point when the customer obtains control of the relevant assets.

For the Company's purse seine fish sold at overseas bases, generally, the income is recognized after obtaining the vast majority of payment from the customers and after the delivery of the fish. In the case of export sales by the local country, the income is recognized when the shipping order and bill of lading are obtained.

Most of the Company's longline fishing goods are shipped back to domestic sales, the sales department refers to the transaction price of Japanese Shimizu for external sales, and both parties confirm the change of the cargo rights based on the signing of the sales contract and the value decision table. The company confirms sales revenue based on the sales contract and the value decision table.

Domestic sales of the Company's aquatic products processing: Shandong Zhonglu Oceanic (Yantai) Foods Co., Ltd. issues a delivery confirmation according to the fax or mail order from domestic customers, and the sales staff arrange the warehouse management department to stock up and deliver the goods by air, long-distance bus or other means of delivery, the company issues the sales invoice and confirms the sales revenue according to the delivery confirmation issued by the sales department and signed by the warehouse management department.

Foreign sales of the Company's aquatic products processing: After the international trade department obtains the purchase orders of foreign customers, it issues an export delivery confirmation form and arranges the storage and transportation department to stock up. After the export goods are packed and sent out, the warehouse management department sign on the delivery confirmation issued by the international trade department, and obtain the export documents such as packing list and bill of lading issued by the transportation department after shipment, and obtain the export declaration form issued by the customs. The company issues the sales invoice and confirms the sales revenue according to the export documents such as delivery confirmation, packing list and customs declaration.

The Company's vessel rental income: The transportation vessel leasing of Shandong Zhonglu Aquatic Marine Co., Ltd. and HABITAT INTERNATIONAL CORPORATION's adopts the time

charter, the company leases the ships equipped with operators to others for a certain period of time, and waits for the dispatch of the lessee during the lease term. Regardless of whether it is operated or not, the rental fee is charged to the lessee on a daily basis, and the company is responsible for the occurrence of fixed expenses (such as personnel salaries, maintenance costs, etc.). During the term of the lease, the customer settles accounts regularly and the revenue is recognized according to the number of lease days confirmed by the customer.

27. Government subsidy

(1) Types of government subsidy and accounting treatment

government subsidy refer to monetary assets or non-monetary assets that the Company obtains from the government without compensation (but excluding the capital invested by the government as the owner). If the government grant is a monetary asset, it shall be measured according to the amount received or receivable. If the government grant is a non-monetary asset, it shall be measured at fair value; if the fair value cannot be obtained reliably, it is measured at the nominal amount.

government subsidy related to daily activities are included in other income in accordance with the economic business. government subsidy not related to daily activities are included in the non-operating income and expenditure.

government subsidy that the government documents clearly stipulate for acquisition and construction or forming long-term assets in other ways are recognized as government subsidy related to assets. If the government documents do not clearly specify the grant target, government subsidy that can form long-term assets, of which the part corresponding to the asset value is used as the government subsidy related to the assets, and the rest is used as the government subsidy related to the income; if it is difficult to distinguish, the whole government subsidy will be used as a government grant related to income. government subsidy related to assets are recognized as deferred income. The amount recognized as deferred income is included in the current profit and loss in a reasonable and systematic manner within the useful life of the relevant asset.

government subsidy other than government subsidy related to assets are recognized as government subsidy related to income. If a government grant related to the income is used to compensate the relevant expenses or losses of the enterprise in the future period, it is recognized as deferred income and is included in the current profit and loss during the period of recognizing related expenses; the government grant used to compensate the occurred relevant expenses or losses of the enterprise is directly included in the current profit and loss.

The Company obtains the policy preferential loan interest subsidy, and the government allocates the interest subsidy funds to the loan bank. If the loan bank provides loans to the Company at a policy preferential interest rate, the actually received loan amount will be used as the entry value of the loan, and the relevant borrowing costs will be calculated according to the loan principal and the policy preferential interest rate. If the government directly allocates the interest subsidy to the Company, the Company will offset the corresponding interest subsidy against relevant borrowing costs.

(2) Confirmation time-point of government subsidy

government subsidy are recognized when they meet the conditions attached to government subsidy and can be received. government subsidy measured in accordance with the amount receivable are recognized when there is conclusive evidence at the end of the period that they conform to relevant conditions stipulated in the financial support policy and are expected to receive financial support funds. Other government subsidy other than government subsidy measured in accordance with the receivable amount are recognized when the grant is actually received.

28. Deferred income tax asset and deferred income tax liability

(1) Where there is difference between the carrying amount of the assets or liabilities and its tax base, (as for an item that has not been recognized as an asset or liability, if its tax base can be determined in light of the tax law, the tax base shall be recognized as the difference) the deferred income tax and deferred income tax liabilities shall be determined according to the applicable tax rate in period of assets expected to recover or liability expected to pay off.

(2) The deferred income tax assets shall be recognized to the extent of the amount of the taxable income which it is most likely to obtain and which can be deducted from the deductible temporary difference. On balance sheet date, if there have concrete evidence of obtaining, in future period, enough taxable amounts to deduct the deductible temporary difference, the un-confirmed deferred income tax assets in previous accounting period shall be recognized. If there has no enough taxable amounts, obtained in future period, to deduct the deferred income tax assets, book value of the deferred income tax assets shall be kept in decreased.

(3) The taxable temporary differences related to the investments of subsidiary companies and associated enterprises shall be recognized as deferred income tax liability, unless the Company can control the time of the reverse of temporary differences and the temporary differences are unlikely to be reversed in the expected future. As for the deductible temporary difference related to the investment of the subsidiary companies and associated enterprises, deferred income tax assets shall be recognized while the temporary differences are likely to be reversed in the expected future and it is likely to acquire any amount of taxable income tax that may be used for making up the deductible temporary differences.

29. Leasing

(1) Accounting treatment for operating lease

Operating lease payments are recognized on a straight-line basis over the term of the relevant lease, and are either included in the cost of related asset or charged to profit or loss for the period.

(2) Accounting treatment for finance lease

At the commencement of the lease term, the Group records the leased asset at an amount equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments. The difference between the recorded amounts is accounted for as unrecognized finance charge, using the effective interest method amortization during the lease term. Minimum lease payments deducting unrecognized financing charges are listed as long-term account payable.

30. Changes of other important accounting policy and estimation

(1) Changes in important accounting policies

Applicable Not applicable

Content and causes of accounting policy changed	Approval procedures	Note
Change the accounting policy according to the "Accounting Standards for Business Enterprises No.14- Revenue" revised and issued by Ministry of Finance in July 2017	Approved by the BOD	

The company implements the "Accounting Standards for Business Enterprises No. 14- Revenue " (CK [2017] No. 22) revised and issued by the Ministry of Finance. Other unaltered parts are still implemented in accordance with the "Accounting Standards for Business Enterprises - Basic Standards" promulgated by the Ministry of Finance in the previous period and the various specific accounting standards, the application guide of the accounting standards for business enterprises, the interpretation announcement of the accounting standards for business enterprises and other relevant regulations.

The company has implemented the above revised standards from January 1, 2020, and adjusted the relevant content of accounting policies.

According to the "Accounting Standards for Business Enterprises No. 14 - Revenue" revised by the Ministry of Finance, incorporates the current revenue and construction contract standards in a unified revenue recognition model; use the transfer of control rights instead of risk reward transfer as the judgment standard for the point in time of revenue recognition; provides clearer guidance for the accounting treatment of contracts that include multiple transaction arrangements; gives clear regulations for the revenue recognition and measurement of certain specific transactions (or events).

According to the convergence regulations, the cumulative impact number of the first implementation of this standard is used to adjust the amount of retained earnings at the beginning of the period and the amount of other related items in the financial statements, and no adjustment is made to the information during comparable period. This change of accounting policy is made by the company in accordance with the relevant regulations and requirements issued by the Ministry of Finance. After the change, the accounting policy can objectively and fairly reflect the company's financial status and operating results, and comply with relevant laws and regulations and the actual situation of the company. This accounting policy change only adjusts the retained earnings at the beginning of the period and other related items in the financial statements, and will not have a significant impact on the company's financial status, operating results and cash flow, and there is no harm to the company and the

shareholders' interests.

Item of consolidate statement	2019-12-31	2020-01-01	Impact amount
Account received in advance	18,477,646.54		-18,477,646.54
Contractual liability		18,477,646.54	18,477,646.54

(2) Change of important accounting estimates

Applicable Not applicable

(3) Adjust relevant items of financial statements at beginning of the year of first implementation of the new revenue standards and new leasing standards since 2020

Applicable

Whether need to adjust the items of balance sheet at the beginning of the year

Yes No

Consolidate balance sheet

In RMB

Item	2019-12-31	2020-01-01	Adjustment
Current assets:			
Monetary fund	186,011,644.29	186,011,644.29	
Settlement provisions			
Capital lent			
Trading financial assets			
Derivative financial assets			
Notes receivable			
Account receivable	70,003,394.30	70,003,394.30	
Receivables financing			
Accounts paid in advance	17,350,069.13	17,350,069.13	
Insurance receivable			
Reinsurance receivables			
Contract reserve of reinsurance receivable			
Other account receivable	4,343,207.56	4,343,207.56	

Including: interest receivable			
Dividend receivable			
Buying back the sale of financial assets			
Inventories	375,744,116.36	375,744,116.36	
Contractual assets			
Assets held for sale			
Non-current asset due within one year			
Other current assets	32,027,587.58	32,027,587.58	
Total current assets	685,480,019.22	685,480,019.22	
Non-current assets:			
Loans and payments on behalf			
Creditors' investment			
Other creditor's investment			
Long-term account receivable			
Long-term equity investments			
Other equity instrument investment			
Other non-current financial assets			
Investment real estate	32,761,086.11	32,761,086.11	
Fixed assets	551,167,599.49	551,167,599.49	
Construction in progress			
Productive biological asset			
Oil and gas asset			
Right-of-use asset			
Intangible assets	13,196,284.54	13,196,284.54	
Expense on Research			

and Development			
Goodwill			
Long-term prepaid expenses	435,134.13	435,134.13	
Deferred income tax asset	1,845,872.82	1,845,872.82	
Other non-current asset	3,640,847.49	3,640,847.49	
Total non-current asset	603,046,824.58	603,046,824.58	
Total assets	1,288,526,843.80	1,288,526,843.80	
Current liabilities:			
Short-term loans	51,662,365.00	51,662,365.00	
Loan from central bank			
Capital borrowed			
Trading financial liability			
Derivative financial liability			
Notes payable			
Accounts payable	94,725,231.68	94,725,231.68	
Accounts received in advance	18,477,646.54		-18,477,646.54
Contractual liability		18,477,646.54	18,477,646.54
Selling financial asset of repurchase			
Absorbing deposit and interbank deposit			
Security trading of agency			
Security sales of agency			
Wage payable	49,149,654.32	49,149,654.32	
Taxes payable	3,597,925.54	3,597,925.54	
Other accounts payable	8,634,438.40	8,634,438.40	
Including: interest			

payable			
Dividend payable			
Commission charge and commission payable			
Reinsurance payable			
Liability held for sale			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities	226,247,261.48	226,247,261.48	
Non-current liabilities:			
Insurance contract reserve			
Long-term loans			
Bonds payable			
Including: preferred stock			
Perpetual capital securities			
Lease liability			
Long-term account payable			
Long-term wages payable	1,378,471.70	1,378,471.70	
Accrual liability			
Deferred income	15,764,480.48	15,764,480.48	
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities	17,142,952.18	17,142,952.18	
Total liabilities	243,390,213.66	243,390,213.66	
Owners' equity:			
Share capital	266,071,320.00	266,071,320.00	
Other equity			

instrument			
Including: preferred stock			
Perpetual capital securities			
Capital reserve	284,054,997.75	284,054,997.75	
Less: treasury stock			
Other comprehensive income	707,156.17	707,156.17	
Reasonable reserve			
Surplus reserve	21,908,064.19	21,908,064.19	
Provision of general risk			
Retained profit	314,460,431.58	314,460,431.58	
Total owner's equity attributable to parent company	887,201,969.69	887,201,969.69	
Minority interests	157,934,660.45	157,934,660.45	
Total owner's equity	1,045,136,630.14	1,045,136,630.14	
Total liabilities and owner's equity	1,288,526,843.80	1,288,526,843.80	

Explanation

The company has implemented the new revenue standard from January 1, 2020. According to the convergence regulations, the cumulative impact number of the first implementation of this standard is used to adjust the amount of retained earnings at the beginning of the period and the amount of other related items in the financial statements, and no adjustment is made to the information during comparable period. This change of accounting policy is made by the company in accordance with the relevant regulations and requirements issued by the Ministry of Finance. After the change, the accounting policy can objectively and fairly reflect the company's financial status and operating results, and comply with relevant laws and regulations and the actual situation of the company. This accounting policy change only adjusts the retained earnings at the beginning of the period and other related items in the financial statements, and will not have a significant impact on the company's financial status, operating results and cash flow, and there is no harm to the company and the shareholders' interests.

Balance sheet of parent company

In RMB

Item	2019-12-31	2020-01-01	Adjustment
Current assets:			
Monetary fund	56,205,332.78	56,205,332.78	

Trading financial assets			
Derivative financial assets			
Notes receivable			
Account receivable	29,071,151.64	29,071,151.64	
Receivables financing			
Accounts paid in advance	4,729,985.40	4,729,985.40	
Other account receivable	181,768,872.70	181,768,872.70	
Including: interest receivable			
Dividend receivable	94,566,287.92	94,566,287.92	
Inventories	34,787,467.34	34,787,467.34	
Contractual assets			
Assets held for sale			
Non-current asset due within one year			
Other current assets	2,079,593.94	2,079,593.94	
Total current assets	308,642,403.80	308,642,403.80	
Non-current assets:			
Creditors' investment			
Other creditor's investment			
Long-term account receivable	5,196,204.31	5,196,204.31	
Long-term equity investments	232,189,455.23	232,189,455.23	
Other equity instrument investment			
Other non-current financial assets			
Investment real estate	32,761,086.11	32,761,086.11	
Fixed assets	58,708,493.74	58,708,493.74	
Construction in			

progress			
Productive biological asset			
Oil and gas asset			
Right-of-use asset			
Intangible assets	846,324.29	846,324.29	
Expense on Research and Development			
Goodwill			
Long-term prepaid expenses	88,996.85	88,996.85	
Deferred income tax asset			
Other non-current asset	1,279,247.49	1,279,247.49	
Total non-current asset	331,069,808.02	331,069,808.02	
Total assets	639,712,211.82	639,712,211.82	
Current liabilities:			
Short-term loans			
Trading financial liability			
Derivative financial liability			
Notes payable			
Accounts payable	6,504,914.36	6,504,914.36	
Accounts received in advance	2,161,006.77		-2,161,006.77
Contractual liability		2,161,006.77	2,161,006.77
Wage payable	16,431,213.09	16,431,213.09	
Taxes payable	452,563.73	452,563.73	
Other accounts payable	88,931,206.55	88,931,206.55	
Including: interest payable			
Dividend payable			
Liability held for sale			

Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities	114,480,904.50	114,480,904.50	
Non-current liabilities:			
Long-term loans			
Bonds payable			
Including: preferred stock			
Perpetual capital securities			
Lease liability			
Long-term account payable			
Long-term wages payable	984,566.68	984,566.68	
Accrual liability			
Deferred income			
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities	984,566.68	984,566.68	
Total liabilities	115,465,471.18	115,465,471.18	
Owners' equity:			
Share capital	266,071,320.00	266,071,320.00	
Other equity instrument			
Including: preferred stock			
Perpetual capital securities			
Capital reserve	279,115,900.17	279,115,900.17	
Less: treasury stock			
Other comprehensive income			

Reasonable reserve			
Surplus reserve	19,184,672.34	19,184,672.34	
Retained profit	-40,125,151.87	-40,125,151.87	
Total owner's equity	524,246,740.64	524,246,740.64	
Total liabilities and owner's equity	639,712,211.82	639,712,211.82	

Explanation

The company has implemented the new revenue standard from January 1, 2020. According to the convergence regulations, the cumulative impact number of the first implementation of this standard is used to adjust the amount of retained earnings at the beginning of the period and the amount of other related items in the financial statements, and no adjustment is made to the information during comparable period. This change of accounting policy is made by the company in accordance with the relevant regulations and requirements issued by the Ministry of Finance. After the change, the accounting policy can objectively and fairly reflect the company's financial status and operating results, and comply with relevant laws and regulations and the actual situation of the company. This accounting policy change only adjusts the retained earnings at the beginning of the period and other related items in the financial statements, and will not have a significant impact on the company's financial status, operating results and cash flow, and there is no harm to the company and the shareholders' interests.

(4) Retrospective adjustment of early comparative data for the first implementation of new financial standards and new lease standards since 2020

Applicable Not applicable

VI. Taxes

1. Major tax and tax rate

Taxes	Taxation basis	Tax rate
VAT	Output tax minor the deductible input tax	13%, 9%, 6%, 5%
Urban maintenance and construction tax	Turnover taxes payable	7%
Corporate income ax	Taxable amount	Exemption, 25%, 8%

Explain the different taxation entity of the enterprise income tax

Taxation entity	Income tax rate
Shandong Zhonglu Oceanic Fisheries Company Limited	Imposing no tax on distant fishing, and 25% for the house leasing
Shandong Zhonglu Haiyan Deep-sea Fishery Co., Ltd.	Exemption
AFRICA STAR FISHERIES LIMITED	8% for export parts, 25% for domestic sales
HABITAT INTERNATIONAL CORPORATION	Exemption
LAIF FISHERIES COMPANY LIMITED	25%
ZHONG GHA FOODS COMPANY LIMITED	25%
Shandong Zhonglu Fishery Shipping Co., Ltd.	25%
Shandong Zhonglu Ocean Refrigerated Co., Ltd.	Imposing no tax on aquatic product processing, and 25% for

	refrigeration service
Shandong Zhonglu Oceanic (Yantai) Foods Co., Ltd.	Imposing no tax on aquatic product processing, and 25% for refrigeration service

2. Preferential tax

(1) VAT tax preference:

According to the relevant provisions of the Circular About the Provisional Management Method of Not Levying the Tax on the Aquatic Products Directly Caught by Ocean Fishery Enterprises (SS No. [2000] 260), China's ocean fishery enterprises stipulate on the high seas or in accordance with the relevant agreements that the aquatic products caught in foreign sea areas and sent back for domestic sales should be regarded as the domestic products and should not be levied the import duties and import VAT. If the corresponding domestic sales business is the primary agricultural products sales, exempt from the VAT according to the provisions of VAT rules. The Company's sales revenue from ocean-going fishing operations is exempt from VAT.

(2) Income tax preference:

According to relevant regulation of Circular of the Preferential Policies Concerning Corporate Income Tax (CSZ No.[1994]001), the Letter About Relevant Issue About Accelerating the Development of China's Ocean Fisheries (CN No. [2000] 104) of the Ministry of Finance, the Enterprise Income Tax Law of the People's Republic of China (PRC Presidential Decree No. [2007] 63), the Enforcement Regulations of Enterprise Income Tax Law of the People's Republic of China (PRC State Council Decree No. 512), Notice About Issuing the Preliminary Processing Scope (Trial) of Agricultural Products that Enjoy the Preferential Policy of Enterprise Income Tax of Ministry of Finance and State Administration of Taxation (CS No. [2008]149), the Supplement Notice About the Preliminary Processing Scope of Agricultural Products that Enjoy the Preferential Policy of Enterprise Income Tax of Ministry of Finance and State Administration of Taxation (CS No. [2011] 26) and the Notice About the Preferential Problems of Corporate Income Tax for Implementation of Agriculture Animal Husbandry and Fishery of Ministry of Finance and State Administration of Taxation (Notice of the State Administration of Taxation 2011 No. 48), as for the initial processing of agricultural products and the commissioned initial processing of an agricultural product, as well as the processing fees it charges, may be handled in accordance with the tax-free items for initial processing of agricultural products. The Company's income obtained from the ocean-going fishing business and the preliminary processing of agricultural products is exempted from corporate income tax. The Company's income obtained from the business except for the ocean-going fishing and the preliminary processing of agricultural products should pay the enterprise income tax at 25%.

VII. Notes to main items in consolidated financial statement

1. Monetary fund

In RMB

Item	Closing balance	Opening balance
Cash on hand	2,524,076.65	4,956,965.73
Bank deposit	173,464,905.42	179,646,672.99
Other monetary fund	1,408,005.57	1,408,005.57
Total	177,396,987.64	186,011,644.29
Including: Total amount save aboard	24,056,156.78	32,175,289.98

2. Trading financial assets

In RMB

Item	Closing balance	Opening balance
Financial assets measured by fair value and with variation reckoned into current gains/losses	10,000,000.00	
Including:		
Structured deposits	10,000,000.00	
Total	10,000,000.00	

5. Account receivable

(1) Category

In RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	
Including:										
Account receivable with bad debt provision accrual by portfolio	95,248,257.99	100.00%	11,267,706.41	11.83%	83,980,551.58	80,013,699.94	100.00%	10,010,305.64	12.51%	70,003,394.30
Including:										
Total	95,248,257.99	100.00%	11,267,706.41	11.83%	83,980,551.58	80,013,699.94	100.00%	10,010,305.64	12.51%	70,003,394.30

Accrual of bad debt provision on portfolio: 11,267,706.41

In RMB

Name	Closing balance		
	Book balance	Bad debt provision	Accrual ratio
Provision for bad debts by combination:	95,248,257.99	11,267,706.41	11.83%
Total	95,248,257.99	11,267,706.41	--

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

Applicable Not applicable

By account age

In RMB

Account age	Closing balance
Within one year (one year included)	88,360,770.57

1-2 years	571,159.46
2-3 years	52,493.07
Over three years	6,263,834.89
3-4 years	574,816.88
Over five years	5,689,018.01
Total	95,248,257.99

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

Accrual of bad debt provision in the period:

In RMB

Category	Opening balance	Current changes				Closing balance
		Accrual	Collected or reversal	Charge-off	Other	
Provision for bad debts based on age	10,010,305.64	1,701,273.33	444,052.56			11,267,526.41
Total	10,010,305.64	1,701,273.33	444,052.56			11,267,526.41

(3) Top five account receivables collected by arrears party at ending balance

Enterprise	Ending balance of accounts receivable	Proportion in total receivables at ending balance	Bad debt preparation ending balance
Hong Kong Luen Thai Seafood	12,923,568.42	13.57%	646,178.42
HAIXINSHEN CO.LTD	10,303,013.91	10.82%	515,150.70
NOTOS & COMPANY LIMITED	9,431,153.10	9.90%	471,557.66
AFKO FISHERIES CO LTD	6,496,248.05	6.82%	523,807.55
Shenzhen SZY Trading Co., Ltd.	5,610,741.89	5.89%	561,074.19
Total	44,764,725.37	47.00%	

4. Accounts paid in advance**(1) By account age**

In RMB

Account age	Closing balance		Opening balance	
	Amount	Ratio	Amount	Ratio
Within one year	20,384,990.92	93.93%	16,715,518.41	96.34%
1-2 years	1,245,498.59	5.74%	564,788.72	3.26%
2-3 years	70,795.00	0.33%	69,762.00	0.40%

Total	21,701,284.51	--	17,350,069.13	--
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(2) Top 5 account paid in advance collected by objects at ending balance

Name	Closing balance	Ratio in total account paid in advance at period-end	Note
China Fisheries Association - access fishing fee	5,927,047.49	27.31%	
Dongyi Sea Transportation Personal Company	3,786,318.86	17.45%	
FISHERIES COMMISSION(GHANA)	1,478,801.71	6.81%	
Dalian Chuanyang International Co., Ltd.	1,170,000.00	5.39%	
Yantai Aowei Refrigeration Equipment Co., Ltd.	1,000,000.00	4.61%	
Total	13,362,168.06	61.57%	

5. Other account receivable

In RMB

Item	Closing balance	Opening balance
Other account receivable	2,633,719.57	4,343,207.56
Total	2,633,719.57	4,343,207.56

(1) Other account receivable
1) By nature

In RMB

Nature	Closing book balance	Opening book balance
Margin	156,311.70	571,699.92
Intercourse funds and other	7,472,019.37	8,838,749.39
Less: bad debt provision	-4,994,611.50	-5,067,241.75
Total	2,633,719.57	4,343,207.56

2) Accrual of bad debt provision

In RMB

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance on Jan. 1, 2020	627,212.45		4,440,029.30	5,067,241.75
Balance of Jan. 1, 2020 in the period	—	—	—	—
Current accrual	102,717.52			102,717.52
Current reversal	175,347.77			175,347.77
Balance on Jun. 30, 2020	554,582.20		4,440,029.30	4,994,611.50

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

 Applicable Not applicable

By account age

In RMB

Account age	Closing balance
Within one year (one year included)	2,225,130.93
Including within six months	66,544.39
Six months - one year	2,158,586.54
1-2 years	655,419.82
2-3 years	412,815.58
Over three years	4,334,964.74
3-4 years	54,274.66
4-5 years	35,798.26
Over 5 years	4,244,891.82
Total	7,628,331.07

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

Accrual of bad debt provision in the period:

In RMB

Category	Opening balance	Current changes				Closing balance
		Accrual	Collected or reversal	Written off	Other	
Provision for bad debts based on age	5,067,241.75	102,717.52	175,347.77			4,994,611.50
Total	5,067,241.75	102,717.52	175,347.77			4,994,611.50

4) Top 5 other account receivable collected by arrears party at ending balance

In RMB

Enterprise	Nature	Closing balance	Account age	Proportion in total other account receivables at period-end	Ending balance of bad debt provision
Qingdao Anning Ship Engineering Co., Ltd.	Intercourse funds	809,272.83	Over three years	10.61%	809,272.83
Bocheng Jingwei Software Technology Co., Ltd.	Intercourse funds	299,000.00	Within one year	3.92%	14,950.00
Japan Daihatsu Co., Ltd.	Intercourse funds	288,896.39	Over 5 years	3.79%	288,896.39

DIVING-SEAGU LL	Intercourse funds	207,072.50	Over 5 years	2.71%	207,072.50
Wende Ship Repair Company	Intercourse funds	200,000.00	Over 5 years	2.62%	200,000.00
Total	--	1,804,241.72	--	23.65%	1,520,191.72

6. Inventories

Whether implemented the new revenue standards

No

(1) Category

In RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for inventory depreciation or contract performance cost impairment provision	Book value	Book balance	Provision for inventory depreciation or contract performance cost impairment provision	Book value
Raw materials	98,497,048.59	1,067,265.00	97,429,783.59	139,142,998.02	1,506,520.94	137,636,477.08
Inventory	298,812,210.70	3,942,499.54	294,869,711.16	236,151,661.21	3,116,468.80	233,035,192.41
Revolving materials	28,628.50		28,628.50	989,692.35		989,692.35
Goods in transit				3,279,215.85		3,279,215.85
Low value consumables	2,005,887.62		2,005,887.62	803,538.67		803,538.67
Total	399,343,775.41	5,009,764.54	394,334,010.87	380,367,106.10	4,622,989.74	375,744,116.36

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

In RMB

Item	Opening balance	Current increased		Current decreased		Closing balance
		Accrual	Other	Switch back or charge-off	Other	
Raw materials	1,506,520.94			439,255.94		1,067,265.00
Inventory	3,116,468.80	1,151,903.20		325,872.46		3,942,499.54
Total	4,622,989.74	1,151,903.20		765,128.40		5,009,764.54

7. Other current assets

In RMB

Item	Closing balance	Opening balance
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Input VAT ready for deduction	14,911,213.92	31,837,201.31
Income tax prepaid		177,922.66
Prepay other taxes		12,463.61
Total	14,911,213.92	32,027,587.58

8. Other equity instrument investment

In RMB

Item	Closing balance	Opening balance
Southern Securities		

Itemized the non-tradable equity instrument investment in the period

In RMB

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

Other explanation:

On April 29, 2005, China Southern Securities Co., Ltd. was issued an administrative penalty of canceling the securities business license and being ordered to close down by the China Securities Regulatory Commission. On August 16, 2006, Southern Securities Co., Ltd. was declared bankruptcy by the Shenzhen Intermediate People's Court. The company made a provision for impairment of the 33 million yuan of investment cost in full of Southern Securities Co., Ltd. held by the company based on the book balance.

9. Investment real estate

(1) Measured at cost

√Applicable □Not applicable

In RMB

Item	House and building	Land use rights	Construction in progress	Total
I. Original book value				
1. Opening balance	51,308,578.35			51,308,578.35
2. Current increased				
(1) Outsourcing				
(2) Inventory\fixed assets\construction in process transfer-in				

(3) Increased by combination				
3.Current decreased				
(1) Disposal				
(2) Other transfer-out				
4.Closing balance	51,308,578.35			51,308,578.35
II. Accumulated depreciation and accumulated amortization				
1.Opening balance	17,660,980.18			17,660,980.18
2.Current increased	663,038.34			663,038.34
(1) Accrual or amortization	663,038.34			663,038.34
3.Current decreased				
(1) Disposal				
(2) Other transfer-out				
4.Closing balance	18,324,018.52			18,324,018.52
III. Impairment provision				
1.Opening balance	886,512.06			886,512.06
2.Current increased				
(1) Accrual				
3. Current decreased				
(1) Disposal				
(2) Other transfer-out				
4.Closing balance	886,512.06			886,512.06
IV. Book value				
1.Ending book value	32,098,047.77			32,098,047.77
2.Opening book value	32,761,086.11			32,761,086.11

(2) Measure on fair value

□Applicable √Not applicable

(3) Investment real estate without property certificate completed

In RMB

Item	Book value	Reasons
Houses and buildings	31,988,486.56	See the notes

Other explanation

Pursuant to the Debt Compensation Opinion entered into between the Company and Shandong Aquatic Products Group in April 2006 and the civil verdict issued by People Court of Lixia district of Jinan city (2005 LZDDi-1299), the comprehensive office building owned by Shandong Aquatic Products Group at No.43, Heping road, Lixia District, Jinan was ruled to be vested to the Company, so as to compensate the relevant debts. Building ownership transfer has not been registered yet; management of the Company is in the process of making active coordination among various parties seeking for early completion of such registration.

10. Fixed assets

In RMB

Item	Closing balance	Opening balance
Fixed assets	531,275,969.26	539,678,865.42
Fixed assets liquidation		11,488,734.07
Total	531,275,969.26	551,167,599.49

(1) Fixed assets

In RMB

Item	House and building	Vessel and netting gear	Machine equipment	Transportation equipment	Furniture and office equipment	Total
I. Original book value:						
1. Opening balance	114,235,599.27	678,939,803.12	47,695,910.53	9,147,146.26	11,927,233.82	861,945,693.00
2. Current increased	16,269.75	16,249,673.91	1,483,320.55	60,400.17	121,588.17	17,931,252.55
(1) Purchasing		7,974,371.01	1,482,515.55		112,580.27	9,569,466.83
(2) Construction in progress transfer-in		5,582,844.05				5,582,844.05
(3) Increased by combination						
(4) Fluctuations in	16,269.75	2,692,458.85	805.00	60,400.17	9,007.90	2,778,941.67

exchange						
3.Current decreased		4,252,342.53	1,316,249.33	296,298.34		5,864,890.20
(1) Disposal or scrapping		4,252,342.53	1,316,249.33	296,298.34		5,864,890.20
4.Closing balance	114,251,869.02	690,937,134.50	47,862,981.75	8,911,248.09	12,048,821.99	874,012,055.35
II. Accumulative depreciation						
1.Opening balance	31,952,258.72	253,213,522.57	22,766,284.17	5,324,327.47	8,852,861.15	322,109,254.08
2.Current increased	1,405,794.67	21,888,337.09	1,858,551.25	599,498.78	198,551.58	25,950,733.37
(1) Accrual	1,405,794.67	21,888,337.09	1,858,551.25	599,498.78	198,551.58	25,950,733.37
3.Current decreased		4,039,725.40	1,150,251.12	291,498.34		5,481,474.86
(1) Disposal or scrapping		4,039,725.40	1,150,251.12	291,498.34		5,481,474.86
4.Closing balance	33,358,053.39	271,062,134.26	23,474,584.30	5,632,327.91	9,051,412.73	342,578,512.59
III. Impairment provision						
1.Opening balance		157,573.50				157,573.50
2.Current increased						
(1) Accrual						
3.Current decreased						
(1) Disposal or scrapping						
4.Closing balance		157,573.50				157,573.50

IV. Book value						
1. Ending book value	80,893,815.63	419,717,426.74	24,388,397.45	3,278,920.18	2,997,409.26	531,275,969.26
2. Opening book value	82,283,340.55	425,568,707.05	24,929,626.36	3,822,818.79	3,074,372.67	539,678,865.42

(2) Fixed assets without property certificate obtained

In RMB

Item	Book value	Causes
Houses and buildings	2,005,587.41	See the notes

Other explanation

Pursuant to the Debt Compensation Opinion entered into between the Company and Shandong Aquatic Products Group in April 2006 and the civil verdict issued by People Court of Lixia district of Jinan city (2005 LZZDi-1299), the comprehensive office building owned by Shandong Aquatic Products Group at No.43, Heping road, Lixia District, Jinan was ruled to be vested to the Company, so as to compensate the relevant debts. Building ownership transfer has not been registered yet; management of the Company is in the process of making active coordination among various parties seeking for early completion of such registration.

(3) Disposal of fixed assets

In RMB

Item	Closing balance	Opening balance
Adjust the pending "Xin Maoxing" to disposal of fixed assets		11,488,734.07
Total		11,488,734.07

Other explanation

11. Construction in progress

In RMB

(1) Construction in progress

In RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Atlantic Seine Item	4,077,658.55	4,077,658.55	0.00	4,077,658.55	4,077,658.55	0.00
Total	4,077,658.55	4,077,658.55		4,077,658.55	4,077,658.55	

(2) Changes of major Construction in progress

In RMB

Item Name	Budget	Opening balance	Current increases	Transfer to fixed	Other decreasing	Closing balance	Proportion of project invest	Work progress	Accumulative amount of	Including: interest	Capitalizing rate	Capital resources
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		e	ed	assets		e	ment in budget		interes t capital ization	capital ization in Period		
"Tyron e 2" round overha ul		0.00	5,372, 721.96	5,372, 721.96		0.00		Compl eted				Other
Total			5,372, 721.96	5,372, 721.96		0.00	--	--				--

12. Intangible assets

(1) Intangible assets

In RMB

Item	Land use rights	Patent right	Non-patented technology	Computer software	Total
I. Original book value					
1. Opening balance	17,154,729.00			1,950,771.84	19,105,500.84
2. Current increased				292,216.61	292,216.61
(1) Purchasing				292,216.61	292,216.61
(2) Internal R&D					
(3) Increased by combination					
3. Current decreased					
(1) Disposal					
4. Closing balance	17,154,729.00			2,242,988.45	19,397,717.45
II. Accumulated amortization					
1. Opening balance	5,221,512.65			687,703.65	5,909,216.30

2.Current increased	191,935.08			156,860.37	348,795.45
(1) Accrual	191,935.08			156,860.37	348,795.45
3.Current decreased					
(1) Disposal					
4.Closing balance	5,413,447.73			844,564.02	6,258,011.75
III. Impairment provision					
1.Opening balance					
2.Current increased					
(1) Accrual					
3.Current decreased					
(1) Disposal					
4.Closing balance					
IV. Book value					
1.Ending book value	11,741,281.27			1,398,424.43	13,139,705.70
2.Opening book value	11,933,216.35			1,263,068.19	13,196,284.54

The proportion of intangible assets form by internal R&D in total book value of intangible assets at period-end

13. Long-term prepaid expenses

In RMB

Item	Opening balance	Current increased	Amortized in Period	Other decreased	Closing balance
Office building decoration	435,134.13		197,904.52		237,229.61
Total	435,134.13		197,904.52		237,229.61

Other explanation

14. Deferred income tax asset /Deferred income tax liabilities**(1) Deferred income tax assets without offset**

In RMB

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred income tax asset	Deductible temporary differences	Deferred income tax asset
Asset impairment provision	957,359.10	239,339.79	957,359.10	239,339.79
Deferred income	6,426,132.12	1,606,533.03	6,426,132.12	1,606,533.03
Total	7,383,491.22	1,845,872.82	7,383,491.22	1,845,872.82

(2) Amount of deferred income tax asset and deferred income tax liability after trade-off

In RMB

Item	Trade-off between the deferred income tax assets and liabilities	Ending balance of deferred income tax assets or liabilities after off-set	Trade-off between the deferred income tax assets and liabilities at period-begin	Opening balance of deferred income tax assets or liabilities after off-set
Deferred income tax asset		1,845,872.82		1,845,872.82

(3) Deferred income tax asset without recognized

In RMB

Item	Closing balance	Opening balance
Deductible temporary differences	25,349,741.00	22,820,836.58
Total	25,349,741.00	22,820,836.58

15. Other non-current asset

In RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Account for lands paid in advance	2,000,000.00		2,000,000.00	2,000,000.00		2,000,000.00
Advance payment for construction in progress and equipment	394,857.06		394,857.06	1,640,847.49		1,640,847.49
Total	2,394,857.06		2,394,857.06	3,640,847.49		3,640,847.49

16. Short-term loans**(1) Category**

In RMB

Item	Closing balance	Opening balance
Mortgage loan	34,097,398.73	28,038,983.33
Credit loan	11,641,954.10	23,623,381.67
Total	45,739,352.83	51,662,365.00

17. Accounts payable

(1) Accounts payable

In RMB

Item	Closing balance	Opening balance
Within one year (one year included)	84,061,580.47	89,503,027.66
Over one year	5,363,096.65	5,222,204.02
Total	89,424,677.12	94,725,231.68

18. Accounts received in advance

(1) Accounts received in advance

In RMB

Item	Closing balance	Opening balance
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19. Contract liability

In RMB

Item	Closing balance	Opening balance
Within one year (one year included)	20,823,713.27	17,765,800.17
Over one year	728,833.27	711,846.37
Total	21,552,546.54	18,477,646.54

20. Wage payable

(1) Wage payable

In RMB

Item	Opening balance	Increase during the period	Decrease during this period	Closing balance
I. Short-term compensation	45,730,031.58	66,120,706.88	79,904,872.03	31,945,866.43
II. Post-employment welfare- defined contribution plans	3,351,602.54	2,982,030.63	4,193,500.46	2,140,132.71
III. Dismissal welfare	34,622.89		34,622.89	
IV. Other welfare due within one year	33,397.31		3,370.81	30,026.50
Total	49,149,654.32	69,102,737.51	84,136,366.19	34,116,025.64

(2) Short-term compensation

In RMB

Item	Opening balance	Increase during the period	Decrease during this period	Closing balance
1. Wages, bonuses, allowances and subsidies	44,272,818.76	59,891,724.08	73,904,414.17	30,260,128.67
2. Welfare for workers and staff		2,038,323.37	2,027,992.46	10,330.91
3. Social insurance		1,776,021.97	1,776,021.97	
Including: Medical insurance		1,721,083.81	1,721,083.81	
Work injury insurance		40,213.80	40,213.80	
Maternity insurance		14,724.36	14,724.36	
4. Housing accumulation fund		2,172,863.03	1,971,623.03	201,240.00
5. Labor union expenditure and personnel education expense	1,457,212.82	241,774.43	224,820.40	1,474,166.85
Total	45,730,031.58	66,120,706.88	79,904,872.03	31,945,866.43

(3) Defined contribution plans

In RMB

Item	Opening balance	Increase during the period	Decrease during this period	Closing balance
1. Basic endowment insurance		1,504,626.66	1,504,626.66	
2. Unemployment insurance		65,442.50	65,442.50	
3. Enterprise annuity	3,351,602.54	1,229,460.27	2,440,930.10	2,140,132.71
Social security and subsidies for retired employees		182,501.20	182,501.20	
Total	3,351,602.54	2,982,030.63	4,193,500.46	2,140,132.71

21. Taxes payable

In RMB

Item	Closing balance	Opening balance
VAT	218,413.26	239,608.16
Corporate income tax	1,397,032.33	1,802,946.98

Individual income tax	128,441.98	399,027.16
Urban maintenance and construction tax	6,506.01	9,769.37
House property tax	172,610.65	207,304.90
Land use tax	105,577.84	133,639.72
Educational additional	2,788.29	4,186.87
Other tax	1,752,857.23	801,442.38
Total	3,784,227.59	3,597,925.54

22. Other accounts payable

In RMB

Item	Closing balance	Opening balance
Other accounts payable	10,681,034.80	8,634,438.40
Total	10,681,034.80	8,634,438.40

(1) Other accounts payable**1) By nature**

In RMB

Item	Closing balance	Opening balance
Cash deposit	2,835,788.51	1,270,350.00
Employee cost	2,396,697.59	1,409,892.00
Other	5,448,548.70	5,954,196.40
Total	10,681,034.80	8,634,438.40

23. Long-term wages payable**(1) Long-term wages payable**

In RMB

Item	Closing balance	Opening balance
I. Post-employment welfare- net liability of defined contribution plans	448,146.54	448,146.54
III. Other long-term benefits	838,247.88	930,325.16
Total	1,286,394.42	1,378,471.70

24. Deferred income

In RMB

Item	Opening balance	Increase during the period	Decrease during this period	Closing balance	Causes
Government subsidy	15,764,480.48		637,841.62	15,126,638.86	Government subsidies related to assets
Total	15,764,480.48		637,841.62	15,126,638.86	--

Item with government subsidy concerned:

In RMB

Liability	Opening balance	Subsidy increase during this period	Amount reckoned into non-operation revenue in the Period	Amount reckoned into non-operation revenue in the period	Cost reduction in the period	Other changes	Closing balance	Assets-related/Income-related
Construction special fund	10,043,559.84			538,153.62			9,505,406.22	Assets-related
Financial ship-building subsidy funds	5,720,920.64			99,688.00			5,621,232.64	Assets-related

25. Share capital

In RMB

	Opening balance	Changes in the Period (+,-)					Closing balance
		Issuing new shares	Bonus shares	Shares transfer from public reserves	Other	Subtotal	
Total shares	266,071,320.00						266,071,320.00

26. Capital reserve

In RMB

Item	Opening balance	Increase during the period	Decrease during this period	Closing balance
Capital premium (equity premium)	189,093,492.79			189,093,492.79
Other capital reserve	94,961,504.96			94,961,504.96
Total	284,054,997.75			284,054,997.75

27. Other comprehensive income

In RMB

Item	Opening balance	Current Period						Closing balance
		Account before income tax in the period	Less: written in other comprehensive income in previous period and carried	Less: written in other comprehensive income in previous	Less: income tax expense	Belong to parent company after tax	Belong to minority shareholders after tax	

			forward to gains and losses in current period	period and carried forward to retained earnings in current period				
II. Other comprehensive income items which will be reclassified subsequently to profit or loss	707,156.17	2,340,778.64				1,303,508.70	1,037,269.94	2,010,664.87
Differences of conversion of foreign currency financial statements	707,156.17	2,340,778.64				1,303,508.70	1,037,269.94	2,010,664.87
Total other comprehensive income	707,156.17	2,340,778.64				1,303,508.70	1,037,269.94	2,010,664.87

28. Reasonable reserve

In RMB

Item	Opening balance	Increase during the period	Decrease during this period	Closing balance
Safety production fee		1,041,311.57	1,041,311.57	
Total		1,041,311.57	1,041,311.57	

29. Surplus reserve

In RMB

Item	Opening balance	Increase during the period	Decrease during this period	Closing balance
Statutory surplus reserves	21,908,064.19			21,908,064.19
Total	21,908,064.19			21,908,064.19

30. Retained profit

In RMB

Item	Current period	Last period
Retained profits at the end of last period before adjustment	314,460,431.58	232,148,801.35
Retained profits at the beginning of the period after adjustment	314,460,431.58	232,148,801.35
Add: net profit attributable to owners of parent company	16,135,719.93	28,420,094.20
Retained profit at period-end	330,596,151.51	260,568,895.55

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

- 1) The retroactive adjustments to Accounting Standards for Business Enterprises and its relevant new regulations affect the retained profits at the beginning of the period amounting to 0 Yuan.
- 2) The changes in accounting policies affect the retained profits at the beginning of the period amounting to 0 Yuan.
- 3) The major accounting error correction affects the retained profits at the beginning of the period amounting to 0 Yuan.
- 4) Merge scope changes caused by the same control affect the retained profits at the beginning of the period amounting to 0 Yuan.
- 5) Other adjustments affect the retained profits at the beginning of the period amounting to 0 Yuan.

31. Operating income and cost

In RMB

Item	Current Period		Last Period	
	Income	Cost	Income	Cost
Main operating	371,657,778.07	352,538,006.84	511,543,286.14	437,069,263.62
Other operating	3,933,057.60	830,328.42	3,925,373.00	797,783.51
Total	375,590,835.67	353,368,335.26	515,468,659.14	437,867,047.13

In RMB

Category	Branch 1	Branch 2	Branch 3	Branch 4	Offset between segment	Total
Product Types	122,634,986.10	52,623,995.34	226,997,325.56	2,911,099.36	-29,576,570.69	375,590,835.67
Including:						
Main business income	122,634,986.10	52,623,995.34	225,726,490.08	248,877.24	-29,576,570.69	371,657,778.07
Other operating income			1,270,835.48	2,662,222.12		3,933,057.60
Total	122,634,986.10	52,623,995.34	226,997,325.56	2,911,099.36	-29,576,570.69	375,590,835.67

Information relating to performance obligations:

The company handled the payment, transfer of goods and other business activities related to the performance obligations in accordance with the contract, and the performance obligations related to the current operating income have been completed.

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

The amount of income corresponding to the performance obligations that have been signed at the end of this reporting period but have not yet been fulfilled or have not done with fulfillment is 0.00 yuan, among them, yuan of revenue is expected to be recognized in YEAR, yuan of revenue is expected to be recognized in YEAR, and yuan of revenue is expected to be recognized in YEAR.

Other explanation

32. Tax and surcharges

In RMB

Item	Current Period	Last Period
Urban maintenance and construction tax	162,268.12	231,486.42
Educational surtax	69,543.49	99,208.47
House property tax	657,114.81	635,618.75
Land use tax	209,306.34	267,724.88
Vehicle and vessel tax	25,531.00	25,967.68
Stamp tax	79,677.45	142,593.66
Local education surcharge	46,362.33	66,138.99
Local water conservancy construction fund	11,590.58	16,534.75
Total	1,261,394.12	1,485,273.60

33. Sales expenses

In RMB

Item	Current Period	Last Period
Port surcharge	2,052,570.48	2,817,934.66
Payroll payable	902,930.92	1,132,222.24
Freight and miscellaneous charges	4,303,346.96	5,754,382.37
Business publicity expenses	6,664.26	345,900.76
Travelling charge	70,294.27	288,835.76
Depreciation	35,797.78	
Communication fee	10,899.77	
Customs clearance and agency fees	602,583.25	1,312,910.64
Terminal charges	6,842.93	6,571.71
Other	395,426.78	337,627.78
Total	8,387,357.40	11,996,385.92

34. Administrative expenses

In RMB

Item	Current Period	Last Period
Payroll payable	14,217,069.57	18,665,326.51
Accumulated depreciation and amortization	881,433.10	943,319.56
Travelling charge	297,366.94	1,078,933.34
Business entertainment	187,367.59	582,445.48
Vehicles charge	335,320.60	559,567.32
Intermediary service fee	209,291.81	1,380,153.61

Office allowance	200,158.31	267,236.85
Property water and electricity	457,671.82	547,474.71
Other	4,792,438.03	5,174,758.09
Total	21,578,117.77	29,199,215.47

35. R&D expenses

In RMB

Item	Current Period	Last Period
Material	49,775.28	
Total	49,775.28	

36. Financial expenses

In RMB

Item	Current Period	Last Period
Interest costs	1,290,415.47	2,382,040.26
Less: interest income	375,178.04	541,927.87
Exchange loss	-1,666,414.96	608,195.72
Handing expense	512,619.81	635,318.65
Other expense	76,839.12	69,039.82
Total	-161,718.60	3,152,666.58

37. Other income

In RMB

Sources	Current Period	Last Period
Subsidy for exploitation and utilization of international fishery resources	18,234,412.56	
Shipbuilding financial discount	99,688.00	14,188.00
Financial subsidies for special construction funds of the Blue Economic Zone	369,133.74	419,104.74
Special funds for cold chain logistics	169,019.88	
Tax rebate on individual	33,747.74	
Job stabilization subsidy	128,018.47	
Total	19,034,020.39	433,292.74

38. Investment income

In RMB

Item	Current Period	Last Period
Investment income of trading financial assets during the holding period	54,131.01	

Total	54,131.01	
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39. Credit impairment loss

In RMB

Item	Current Period	Last Period
Credit impairment losses on accounts receivable	-1,246,157.87	
Credit impairment losses on other receivables	76,667.90	
Total	-1,169,489.97	

40. Assets impairment loss

In RMB

Item	Current Period	Last Period
II. Loss of inventory depreciation and loss of contract performance cost impairment	-1,151,903.20	-3,302.88
Total	-1,151,903.20	-3,302.88

41. Income from assets disposal

In RMB

Sources	Current Period	Last Period
Gains/losses of fixed assets disposal	55,893.20	-1,399.00

42. Non-operating income

In RMB

Item	Current Period	Last Period	Amount reckoned in current non-recurring gains/losses
Gains from disposal of fixed assets	10,111,783.13		10,111,783.13
Other	10,755.50		10,755.50
Total	10,122,538.63		10,122,538.63

43. Non-operating expenses

In RMB

Item	Current Period	Last Period	Amount reckoned in current non-recurring gains/losses
Donate to outsiders	278,200.00		278,200.00
Loss from scrapped fixed assets	351,124.43		351,124.43
Other	64,644.65	24,200.00	64,644.65
Total	693,969.08	24,200.00	693,969.08

44. Income tax expenses**(1) Statement of income tax expense**

In RMB

Item	Current Period	Last Period
Current income tax expense	597,651.69	662,058.68
Total	597,651.69	662,058.68

(2) Adjustment on accounting profit and income tax expenses

In RMB

Item	Current Period
Total profit	17,358,795.42
Income tax based on statutory/applicable rate	4,339,698.86
Impact on different tax rate applicable for subsidiary	-3,742,047.17
Income tax expense	597,651.69

45. Other comprehensive income

See Note XI (VII) 27.

46. Items of cash flow statement**(1) Other cash received in relation to operation activities**

In RMB

Item	Current Period	Last Period
Financial expenses-interest income	375,178.04	541,927.78
Government subsidy and other non-operating income	18,395,368.37	1,000,000.00
Cash deposit for L/C		360,798.05
Intercourse funds and other	10,452,435.65	21,359,214.23
Total	29,222,982.06	23,261,940.06

(2) Other cash paid in relation to operation activities

In RMB

Item	Current Period	Last Period
Sales expenses paid in cash	7,718,987.80	2,354,341.12
Expenses of management cash paid	8,673,236.81	19,099,534.64
Pay cash for R&D expenses	8,195.00	
Cash deposit for L/C		4,655,500.00
Intercourse funds and other	16,252,957.64	47,194,774.58
Total	32,653,377.25	73,304,150.34

47. Supplementary information to statement of cash flow**(1) Supplementary information to statement of cash flow**

In RMB

Supplementary information	This Period	Last Period
1. Net profit adjusted to cash flow of operation activities:	--	--
Net profit	16,761,143.73	31,510,402.62
Add: Asset impairment provision	2,321,393.17	3,302.88
Depreciation of fixed assets, consumption of oil assets and depreciation of productive biology assets	25,950,733.37	23,902,779.42
Amortization of intangible assets	348,795.45	322,215.89
Amortization of long-term retained expense	197,904.52	148,462.80
Loss from disposal of fixed assets, intangible assets and other long-term assets(gain is listed with “-”)	-55,893.20	1,399.00
Loss from scrapping of fixed assets (gain is listed with “-”)	-9,760,658.70	
Financial expenses (gain is listed with “-”)	-375,999.50	2,382,040.26
Investment loss (gain is listed with “-”)	-54,131.01	
Decrease of inventory (increase is listed with “-”)	-19,741,797.71	-78,123,499.51
Decrease of operating receivable accounts (increase is listed with “-”)	-4,337,407.33	-7,409,603.52
Increase of operating payable accounts (decrease is listed with “-”)	-23,425,870.60	23,021,652.86
Net cash flow arising from operating activities	-12,171,787.81	-4,240,847.30
2. Material investment and financing not involved in cash flow	--	--
3. Net change of cash and cash equivalents:	--	--
Balance of cash at period end	175,988,982.07	171,819,949.08
Less: Balance of cash equivalent at year-begin	184,603,638.72	182,767,125.48
Net increasing of cash and cash equivalents	-8,614,656.65	-10,947,176.40

(2) Constitution of cash and cash equivalent

In RMB

Item	Closing balance	Opening balance
I. Cash	175,988,982.07	184,603,638.72
Including: Cash on hand	2,524,076.65	4,956,965.73

Bank deposit available for payment at any time	173,464,905.42	179,646,672.99
III. Balance of cash and cash equivalent at period-end	175,988,982.07	184,603,638.72

48. Assets with ownership or use right restricted

In RMB

Item	Ending book value	Restriction reasons
Monetary fund	1,408,005.57	Cash deposit for L/C
Fixed assets	30,033,251.77	Mortgage loan
Intangible assets	5,388,512.23	Mortgage loan
Total	36,829,769.57	--

49. Item of foreign currency

(1) Item of foreign currency

In RMB

Item	Closing balance of foreign currency	Rate of conversion	Ending RMB balance converted
Monetary fund	--	--	138,105,337.72
Including: USD	18,458,231.31	7.0795	130,675,048.49
EUR	293,366.22	7.9610	2,335,488.48
HKD			
JPY	12,262,316.00	0.0658	806,958.50
CEDI	3,427,507.92	1.2491	4,281,134.47
XOF	554,000.00	0.0121	6,707.79
Account receivable	--	--	64,209,187.18
Including: USD	6,631,174.48	7.0795	46,945,399.70
EUR			
HKD			
JPY	209,011,355.00	0.0658	13,754,619.43
CEDI	2,563,482.89	1.2491	3,201,922.57
XOF	25,375,569.00	0.0121	307,245.48
Long-term loans	--	--	
Including: USD			
EUR			
HKD			

Other explanation:

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

√Applicable □Not applicable

Major foreign operation entity	Foreign main operation place	Book-keeping currency	Basis
HABITAT INTERNATIONAL CORPORATION	Panama	CNY	The economic environment in the operation sites
LAIF FISHERIES COMPANY LIMITED	Ghana	USD	The economic environment in the operation sites
YAW ADDO FISHERIES COMPANY LIMITED	Ghana	USD	The economic environment in the operation sites
ZHONG GHA FOODS COMPANY LIMITED	Ghana	USD	The economic environment in the operation sites
AFRICA STAR FISHERIES LIMITED	Ghana	USD	The economic environment in the operation sites

50. Government subsidy

(1) Government subsidy

In RMB

Category	Amount	Item presented	Amount reckoned into current gain/loss
Subsidy for exploitation and utilization of international fishery resources	18,234,412.56	Other income	18,234,412.56
Individual tax procedure refund	33,747.74	Other income	33,747.74
Job stabilization subsidy	128,018.47	Other income	128,018.47

(2) Government subsidy refund

□Applicable √Not applicable

Other explanation:

VIII. Changes of consolidation scope

There was no change in the company's consolidation scope during the reporting period.

IX. Equity in Other entity

1. Equity in subsidiary

(1) Constitute of enterprise group

Subsidiary	Main operation	Registered	Business nature	Share-holding ratio	Acquired way
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	place	place		Directly	Indirectly	
Shandong Zhonglu Fishery Shipping Co., Ltd.	Qingdao Shandong	Qingdao Shandong	Refrigerated transport	100.00%		Investment
Shandong Zhonglu Oceanic (Yantai) Foods Co., Ltd.	Yantai Shandong	Yantai Shandong	Food processing	74.23%	25.77%	Investment
Shandong Zhonglu Haiyan Deep-sea Fishery Co., Ltd.	Qingdao Shandong	Qingdao Shandong	Pelagic fishing	59.05%		Investment
HABITAT INTERNATIONAL CORPORATION	Panama	Panama	Refrigerated transport	100.00%		Investment
LAIF FISHERIES COMPANY LIMITED	Ghana	Ghana	Pelagic fishing		100.00%	Investment
AFRICA STAR FISHERIES LIMITED	Ghana	Ghana	Pelagic fishing		100.00%	Investment
ZHONG GHA FOODS COMPANY LIMITED	Ghana	Ghana	Pelagic fishing		100.00%	Investment
Shandong Zhonglu Ocean Refrigerated Co., Ltd.	Yantai Shandong	Yantai Shandong	Refrigeration service		100.00%	Investment
YAW ADDO FISHERIES	Ghana	Ghana	Pelagic fishing			Operating lease

(2) Important non-wholly-owned subsidiary

In RMB

Subsidiary	Share-holding ratio of minority	Gains/losses attributable to minority in the Period	Dividend announced to distribute for minority in the Period	Ending equity of minority
Shandong Zhonglu Haiyan Deep-sea Fishery Co., Ltd.	40.95%	625,423.80		159,597,354.19

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

In RMB

Subsidiary	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liability	Non-current liability	Total liabilities	Current assets	Non-current assets	Total assets	Current liability	Non-current liability	Total liabilities
Shandong Zhonglu Haiyan Deep-sea Fishery Co., Ltd.	262,158,605.40	246,638,895.67	508,797,501.07	113,449,853.04	5,621,232.64	119,071,085.68	250,897,851.01	247,531,784.99	498,429,636.00	107,042,602.15	5,720,920.64	112,763,522.79

In RMB

Subsidiary	Current Period				Last Period			
	Operation Income	Net profit	Total comprehensive income	Cash flow from operation activity	Operation Income	Net profit	Total comprehensive income	Cash flow from operation activity
Shandong Zhonglu Haiyan Deep-sea Fishery Co., Ltd.	91,427,317.45	1,527,286.45	4,060,302.18	-18,770,671.72	101,916,145.57	7,546,540.71	7,524,638.11	13,225,049.38

X. Risks related to financial instruments

The financial assets of the Company include accounts receivable and other receivables. The financial liabilities of the Company include accounts payable, other account payable and short-term loans. For details of each financial instrument, please refer to the relevant items in Note V. The Company is faced with the risks of various financial instruments in its daily activities, mainly including credit risk, liquidity risk and market risk. The board of directors is responsible for establishing and supervising the risk management structure of the Company and developing and monitoring the Company's risk management policies.

Risk management objectives and policies: the Company's goal of risk management is to strike a proper balance between risks and profits, minimize the negative impacts of the risks on the Company's operating results and maximize the benefits of shareholders and other equity investors.

1. Credit risk

If the customer or the other party involving in the financial instruments cannot fulfill the obligations under the contract and cause financial losses to the Company, that is credit risk. Credit risk is mainly from the customer receivables. The book value of account receivables and notes receivable and other receivables is the maximum credit risk of the Company for financial assets.

2. Liquidity risk

Liquidity risk is the risk of the shortage of funds when the Company is fulfilling its obligations related to financial liabilities. In the case of normal and tense funds, the Company needs to ensure that there is sufficient liquidity to meet its due debts and negotiate with financial institutions for financing so as to maintain a certain level of reserve credit line to reduce the liquidity risk.

3. Market risk

(1) Foreign exchange risk

Foreign exchange risk refers to the risk that the fair value of financial instruments or the future cash flows fluctuate due to changes in foreign exchange rates. The foreign exchange risk faced by the Company mainly comes from the financial assets valued in US dollars, and the amount of foreign currency financial assets converted into RMB is listed as described in VII. 49 foreign currency monetary items.

(2) Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows fluctuate due to changes in market interest rates. The interest rate risk faced by the Company mainly comes from the long-term bank loans, the Company's loans are floating interest rate, and there is risk of RMB benchmark interest rate change.

XI. Disclosure of fair value

1. Ending fair value of the assets and liabilities measured by fair value

In RMB

Item	Ending fair value			
	First-order	Second-order	Third-order	Total
I. Sustaining measured by fair value	--	--	--	--
(I) Transactional financial assets			10,000,000.00	10,000,000.00
(1) Investment in debt instruments			10,000,000.00	10,000,000.00
II. Non-persistent measured by fair value	--	--	--	--

2. Qualitative and quantitative information on the valuation techniques and important parameters used for continuous and non-continuous third-level fair value measurement projects

According to Article 44 of the new financial instrument standard "Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments", enterprises' investments in equity instruments

and contracts related to such investments should be measured at fair value. However, in limited circumstances, if the recent information used to determine the fair value is insufficient, or the possible estimated amount of the fair value is distributed in a wide range, and the cost represents the best estimate of the fair value within the range, the cost can represent the appropriate estimation of fair value within this distribution range. There is no active market quotation for structured deposits and insufficient information to determine the fair value, so the acquisition cost of the asset is used to represent the fair value of the trading financial asset.

XII. Related party and related transactions

1. Parent company of the enterprise

Parent company	Registered place	Business nature	Registered capital	Share-holding ratio on the enterprise for parent company	Voting right ratio on the enterprise
Shandong State-owned Assets Investment Holding Company Limited	Jinan Shandong	Investment and management, management and operation of assets, managed operations, investment advisory	4500 million Yuan	47.25%	47.25%

Explanation on parent company of the enterprise

Ultimate controller of the Company is Shandong State-owned Assets Investment Holdings Co., Ltd.

2. Subsidiary of the Enterprise

Found more in Note IX." Equity in subsidiary"

3. Other related party

Other related party	Relationship with the Enterprise
Inspur General Software Co., Ltd.	Control by same parent company
Bank of Dezhou Co., Ltd.	Control by same parent company

4. Related transaction

(1) Remuneration of key manager

In RMB

Item	Current Period	Last Period
Total	701,126.00	596,225.56

(2) Other related transactions

① Deposit monetary funds of related parties

Name	Related party	Closing balance	Opening balance
Bank deposit	Bank of Dezhou Co., Ltd	95,059.30	3,201,870.61
Total		95,059.30	3,201,870.61

② Other

Name	Related party	Closing balance	Opening balance
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Deposit interest income	Bank of Dezhou Co., Ltd	751.00	1,027.29
Total		751.00	1,027.29

5. Receivable/payable items of related parties

(1) Receivable item

In RMB

Item Name	Related party	Closing balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Prepayments	Inspur General Software Co., Ltd.	394,857.06		394,857.06	

XIII. Share-based payment

1. Share-based payment

Applicable Not applicable

2. Share-based payment settled by equity

Applicable Not applicable

3. Share-based payment settled by cash

Applicable Not applicable

4. Amendment and termination of the share-based payment

Nil

XIV. Commitment or contingency

1. Important commitment

Important commitment on balance sheet date

No commitments that need to released ended as the reporting period

2. Contingency

(1) If the Company has no contingency need to disclosed, explain reasons

The Company has no important contingency that need to disclosed

XV. Event occurring after balance sheet date

1. Other explanation on events after balance sheet date

No events after balance sheet date need to released up to reporting period

XVI. Other important event

1. Pension plan

In accordance with relevant laws, regulations and policies, the Company has established an enterprise annuity system, and on the basis of participating in basic pension insurance in accordance with the law, it pays supplementary pension insurance (i.e., enterprise annuity) for employees. Each year, according to the actual operating conditions, the operating efficiency coefficient is set, and the total amount of corporate contributions is calculated according to the operating efficiency coefficient; the expenses to be assumed by the company in the enterprise annuity have been disclosed in the employee compensation payable - defined contribution plans, and the individual payment of employees is withheld and paid from employee wages by the company.

2. Segment information

(1) Determination basis and accounting policy for segment

Main operation of the Company including pelagic fishing, cold storage processing trade of aquatic products, vessel leasing and other operations. Segment disclosure is released by the business nature.

(2) Financial information of the segment

In RMB

Item	Pelagic fishing	Vessel leasing	Cold storage processing trade of aquatic products	Other	Offset between segment	Total
I. Main operating income	122,634,986.10	52,623,995.34	225,726,490.08	248,877.24	-29,576,570.69	371,657,778.07
II. Main operating cost	120,620,754.64	37,760,278.70	223,569,371.83	164,172.36	-29,576,570.69	352,538,006.84
III. Assets impairment loss			1,151,903.20			1,151,903.20
IV. Depreciation and amortization	18,054,496.45	4,666,115.42	3,419,146.63	357,674.84		26,497,433.34
V. Total profit	7,627,809.09	23,986,745.92	-7,312,838.39	-6,942,921.20		17,358,795.42
VI. Income tax		398,085.03	65,000.00	134,566.66		597,651.69
VII. Net profit	7,627,809.09	23,588,660.89	-7,377,838.39	-7,077,487.86		16,761,143.73
VIII. Total assets	845,274,298.71	333,172,303.58	384,095,946.44	80,640,653.12	-357,233,751.54	1,285,949,450.31
IX. Total liability	228,968,749.87	34,000,178.65	177,353,594.29	142,165,631.83	-360,777,256.84	221,710,897.80

3. Other

On December 20, 2019, Shandong Zhonglu Oceanic Fisheries Co., Ltd. (hereinafter referred to as the "Company") released the "Announcement of Important Matters" (Announcement No.: 2019-37) about the maritime distress of Panamanian "SEAMARK" vessel ("Xinmaoxing" vessel) owned by its wholly-owned subsidiary HABITAT INTERNATIONAL CORPORATION, the company has also explained the follow-up related situation in the "Annual Report 2019" and "First Quarter Report of 2020". As of the date of this announcement, the subsidiary has received compensation of USD 3,000,000.00 from the Qingdao Branch of the People's Insurance Company of China and compensation of USD 118,672.66 from the China Shipowners Mutual Insurance Association. The insurance claim settlement of this matter has been closed. The company has carried out corresponding accounting treatments for these insurance claims in accordance with the "Accounting Standards for Business Enterprises" and other relevant regulations, and the final results confirmed by the audit agency shall prevail.

XVII. Principle notes of financial statements of parent company

1. Account receivable**(1) Category**

In RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	
Including:										
Account receivable with bad debt provision accrual by portfolio	21,911,779.19	100.00%	6,486,825.58	29.60%	15,424,953.61	35,605,161.90	100.00%	6,534,010.26	18.35%	29,071,151.64
Including:										
Total	21,911,779.19	100.00%	6,486,825.58	29.60%	15,424,953.61	35,605,161.90	100.00%	6,534,010.26	18.35%	29,071,151.64

Accrual bad debt provision on portfolio:

In RMB

Name	Closing balance		
	Book balance	Bad debt provision	Accrual ratio
Accrual of bad debt provision by portfolio	21,911,779.19	6,486,825.58	29.60%
Total	21,911,779.19	6,486,825.58	--

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

Applicable Not applicable

By account age

In RMB

Account age	Closing balance
Within one year (one year included)	16,222,761.18
Over three years	5,689,018.01
Over 5 years	5,689,018.01
Total	21,911,779.19

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

Accrual of bad debt provision in the period:

In RMB

Category	Opening	Current changes	Closing
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	balance	Accrual	Collected or reversal	Charge-off	Other	balance
Provision for bad debts based on age	6,534,010.26		47,184.68			6,486,825.58
Total	6,534,010.26		47,184.68			6,486,825.58

(3) Top five account receivables collected by arrears party at ending balance

Enterprise	Ending balance of accounts receivable	Proportion in total receivables at ending balance (%)	Bad debt preparation ending balance
Shandong Zhonglu Oceanic (Yantai) Foods Co., Ltd.	7,032,330.82	32.09%	
AFKO CO.,LTD	4,936,163.27	22.53%	461,404.16
PNADA CO.,LTD	3,600,962.12	16.43%	3,600,962.12
HAIXINSHEN CO.,LTD	1,913,254.70	8.73%	95,662.74
MARGARET CO.,LTD	610,167.59	2.78%	30,508.38
Total	18,092,878.50	82.56%	

2. Other account receivable

In RMB

Item	Closing balance	Opening balance
Dividend receivable	94,566,287.92	94,566,287.92
Other account receivable	97,179,645.74	87,202,584.78
Total	191,745,933.66	181,768,872.70

(1) Dividend receivable**1) Category**

In RMB

Item (or invested company)	Closing balance	Opening balance
Subsidiary dividend	94,566,287.92	94,566,287.92
Total	94,566,287.92	94,566,287.92

2) Major dividend receivable with over one year aged

In RMB

Item (or invested company)	Closing balance	Account age	Causes of failure for collection	Whether has impairment occurred and determination basis
Subsidiary dividend	91,841,262.03	1-2 year	In order to meet the capital needs of the subsidiary's production and operation, no	No

			payment has been requested temporarily	
Total	91,841,262.03	--	--	--

3) Accrual of bad debt provision

□Applicable √Not applicable

Other explanation:

(3) Other account receivable**1) By nature**

In RMB

Nature	Closing book balance	Opening book balance
Intercourse funds between internal	96,732,665.19	86,430,396.31
Petty cash and other	4,187,035.85	4,494,160.35
Less: bad debt provision	-3,740,055.30	-3,721,971.88
Total	97,179,645.74	87,202,584.78

2) Accrual of bad debt provision

In RMB

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance on Jan. 1, 2020	218,936.05		3,503,035.83	3,721,971.88
Balance of Jan. 1, 2020 in the period	—	—	—	—
Current accrual	18,083.42			18,083.42
Balance on Jun. 30, 2020	237,019.47		3,503,035.83	3,740,055.30

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

□Applicable √Not applicable

By account age

In RMB

Account age	Closing balance
Within one year (one year included)	15,973,419.78
1-2 years	18,699,381.72
2-3 years	32,546,210.64
Over three years	33,700,688.90
3-4 years	382,578.15
4-5 years	72,121.25
Over 5 years	33,245,989.50

Total	100,919,701.04
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3) Bad debt provision accrual, collected or reversal in the period

Accrual of bad debt provision in the period:

In RMB

Category	Opening balance	Current changes				Closing balance
		Accrual	Collected or reversal	Written off	Other	
Provision for bad debts based on age	3,721,971.88	18,083.42				3,740,055.30
Total	3,721,971.88	18,083.42				3,740,055.30

4) Top 5 other account receivable collected by arrears party at ending balance

In RMB

Enterprise	Nature	Closing balance	Account age	Proportion in total other account receivables at period-end	Ending balance of bad debt provision
AFRICA STAR FISHERIES LIMITED	Intercourse funds	19,401,923.58	2-3 years	19.23%	
Shandong Zhonglu Fishery Shipping Co., Ltd.	Intercourse funds	19,271,921.60	Over 3 years	19.10%	
Shandong Zhonglu Haiyan Deep-sea Fishery Co., Ltd.	Intercourse funds	13,518,875.11	Within one year	13.40%	
LAIF FISHERIES COMPANY LIMITED	Intercourse funds	12,096,513.59	Within one year	11.99%	
YAW ADDO FISHERIES CO LTD	Intercourse funds	10,581,948.91	Over 5 years	10.49%	
Total	--	74,871,182.79	--	74.19%	

3. Long-term equity investments

In RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investment for	232,189,455.23		232,189,455.23	232,189,455.23		232,189,455.23

subsidiary						
Total	232,189,455.23		232,189,455.23	232,189,455.23		232,189,455.23

(1) Investment for subsidiary

In RMB

The invested entity	Opening balance (Book value)	Changes in the period (+,-)				Closing balance (Book value)	Ending balance of impairment provision
		Additional investment	Capital reduction	Accrual of impairment provision	Other		
HABITAT INTERNATI ONAL CORP.	12,476,145.60					12,476,145.60	
Shandong Zhonglu Fishery Shipping Co., Ltd.	22,869,513.38					22,869,513.38	
Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd.	55,448,185.24					55,448,185.24	
Shandong Zhonglu Haiyan Deep-sea Fishery Co., Ltd.	141,395,611.01					141,395,611.01	
Total	232,189,455.23					232,189,455.23	

4. Operating income and cost

In RMB

Item	Current Period		Last Period	
	Income	Cost	Income	Cost
Main operating	29,583,210.44	28,656,951.15	88,187,164.39	62,457,990.11
Other operating	2,662,222.12	830,328.42	2,331,328.73	797,783.51
Total	32,245,432.56	29,487,279.57	90,518,493.12	63,255,773.62

Information relating to revenue:

In RMB

Category	Branch 1	Branch 2	Total
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Product Types	29,334,333.20	2,911,099.36		32,245,432.56
Including:				
Main business income	29,334,333.20	248,877.24		29,583,210.44
Other operating income		2,662,222.12		2,662,222.12
Including:				
Including:				
Including:				
Including:				
Including:				
Including:				
Total	29,334,333.20	2,911,099.36		32,245,432.56

Information relating to performance obligations:

The company handled the payment, transfer of goods and other business activities related to the performance obligations in accordance with the contract, and the performance obligations related to the current operating income have been completed.

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

At the end of the reporting period, the amount of revenue corresponding to the performance obligations that have been signed but not yet performed or not yet completed is 0.00 yuan, of which, yuan is expected to be recognized as revenue in , yuan is expected to be recognized as revenue in , and yuan is expected to be recognized as revenue in .

Other explanation:

5. Investment income

In RMB

Item	Current Period	Last Period
Investment income of trading financial assets during the holding period	54,131.01	
Total	54,131.01	

XVIII. Supplementary Information

1. Current non-recurring gains/losses

Applicable Not applicable

In RMB

Item	Amount	Note
Gains/losses from the disposal of non-current asset	55,893.20	
Governmental subsidy reckoned into current gains/losses (not including the	799,607.83	

subsidy enjoyed in quota or ration according to national standards, which are closely relevant to enterprise's business)		
Other non-operating income and expenditure except for the aforementioned items	9,428,569.55	
Total	10,284,070.58	--

Concerning the extraordinary profit (gain)/loss defined by *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, and the items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, explain reasons

Applicable Not applicable

Item	Amount involved (yuan)	Reason
Subsidy for exploitation and utilization of international fishery resources	18,234,412.56	The subsidy enjoyed in quota or ration according to national standards, which are closely relevant to enterprise's business

2. REO and earnings per share

Profits during report period	Weighted average ROE	Earnings per share	
		Basic EPS (RMB/Share)	Diluted EPS (RMB/Share)
Net profits attributable to common stock stockholders of the Company	1.80%	0.06	0.06
Net profits attributable to common stock stockholders of the Company after deducting nonrecurring gains and losses	0.66%	0.02	0.02

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

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

Applicable Not applicable

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

Applicable Not applicable