

HAINAN JINGLIANG  
HOLDINGS CO., LTD.  
ANNUAL REPORT 2021

March, 2022

# HAINAN JINGLIANG HOLDINGS CO., LTD.

## ANNUAL REPORT 2021

### Part I Important Notes

This Summary is based on the full Annual Report of Hainan Jingliang Holdings Co., Ltd. (together with its consolidated subsidiaries, the “Company”, except where the context otherwise requires). In order for a full understanding of the Company’s operating results, financial position and future development plans, investors should carefully read the aforesaid full text, which has been disclosed together with this Summary on the media designated by the China Securities Regulatory Commission (the “CSRC”).

All the Company’s Directors have attended the Board meeting for the review of this Report and its summary.

Independent auditor’s modified opinion:

Applicable  Not applicable

Board-approved final cash and/or stock dividend plan for ordinary shareholders for the Reporting Period:

Applicable  Not applicable

The Company has no final dividend plan, either in the form of cash or stock.

Board-approved final cash and/or stock dividend plan for preferred shareholders for the Reporting Period:

Applicable  Not applicable

This Summary has been prepared in both Chinese and English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese version shall prevail.

### Part II Key Corporate Information

#### 1. Stock Profile

Stock name	JLKG, JL-B	Stock code	000505, 200505
Stock exchange for stock listing	Shenzhen Stock Exchange		
Contact information	Board Secretary	Securities Representative	
Name	Guan Ying	Gao Deqiu	
Address	15/F, Jing Liang Building, NO. 16 East Third Ring Middle Road, Chaoyang District, Beijing	15/F, Jing Liang Building, NO. 16 East Third Ring Middle Road, Chaoyang District, Beijing	
Fax	010-51672010	010-51672010	
Tel.	010-51672130	010-51672029	
Email address	1124387865@qq.com	gaodeqiu_jl@163.com	

#### 2. Principal Activities or Products in the Reporting Period

The Company is principally engaged in oils and oilseeds processing and trading, as well as food processing. With

regard to oils processing and trading, the Company refines, bottles, markets, imports and exports raw oils upon initial pressing. As for oilseeds, the Company presses, refines, bottles, markets, imports and exports oilseeds such as sesame, soybean, corn germ, sunflower seeds and peanuts. The Company runs its oils and oilseeds processing and trading business primarily in Beijing City, Tianjin City and Hebei Province under the brands of “Gu Chuan”, “Lv Bao”, “Gu Bi”, “Huo Niao”, etc., with the main products being soybean oil, rapeseed oil, sunflower seed oil and sesame oil and paste, among others. As for its food processing business, it primarily develops, produces and markets snack food and bread under the brands of “Little Prince”, “MS Dong”, “Jianqiang De Tudou” and “Gu Chuan”, among others, with the main products being potato chips, cakes and pastries and bread. The snack food business covers all provinces and municipalities in China, while the bread business focuses on the Beijing-Tianjin-Hebei region. In this regard, the Company is one of the major suppliers for KFC in North China.

According to the Industry Categorization Results of Listed Companies, the Company falls into the major industry category of manufacturing—agri-food processing industry (code: C13). Specifically, the Company operates in the vegetable oil processing segment, with its food processing business accounting for a large proportion in gross profit. With respect to the vegetable oil processing industry, industrial integration has accelerated and differentiation is increasingly evident, with minority oils such as sunflower seed oil, tea oil, corn oil and rice bran oil seeing fast growth. In terms of the food processing industry, consumer needs have become increasingly diverse, resulting in better and richer product offerings. Nonetheless, there are only a handful of major brands in the industry, indicating great potential for industrial integration.

### 3. Key Financial Information

#### (1) Key Financial Information of the Past Three Years

Indicate by tick mark whether there is any retrospectively restated datum in the table below.

Yes  No

Unit: RMB

	31 December 2021	31 December 2020	Change of 31 December 2021 over 31 December 2020 (%)	31 December 2019
Total assets	6,046,600,058.90	5,695,504,493.73	6.16%	5,231,266,600.19
Equity attributable to the listed company's shareholders	2,915,802,291.05	2,710,571,543.53	7.57%	2,406,039,283.87
	2021	2020	2021-over-2020 change (%)	2019
Operating revenue	11,763,093,835.56	8,741,749,912.11	34.56%	7,440,286,465.54
Net profit attributable to the listed company's shareholders	204,459,771.08	184,846,956.70	10.61%	133,341,925.75
Net profit attributable to the listed company's shareholders before exceptional items	195,422,832.45	164,037,737.59	19.13%	104,483,092.09
Net cash generated from/used in operating activities	632,240,056.44	-246,540,910.08	356.44%	297,366,794.05
Basic earnings per share	0.28	0.26	7.69%	0.19

(RMB/share)				
Diluted earnings per share (RMB/share)	0.28	0.26	7.69%	0.19
Weighted average return on equity (%)	7.27%	7.17%	0.10%	5.70%

## (2) Key Financial Information by Quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Operating revenue	2,338,783,061.35	2,989,463,774.48	2,987,496,084.26	3,447,350,915.47
Net profit attributable to the listed company's shareholders	36,585,077.36	51,743,120.55	39,778,852.22	76,352,720.95
Net profit attributable to the listed company's shareholders before exceptional items	32,694,567.66	50,578,769.74	39,320,196.40	72,829,298.65
Net cash generated from/used in operating activities	274,757,224.16	3,093,221.29	534,327,111.43	-179,937,500.44

Indicate by tick mark whether any of the quarterly financial data in the table above or their summations differs materially from what have been disclosed in the Company's quarterly or interim reports.

Yes  No

## 4. Share Capital and Shareholder Information at the Period-End

### (1) Numbers of Ordinary Shareholders and Preferred Shareholders with Resumed Voting Rights as well as Holdings of Top 10 Shareholders

Unit: share

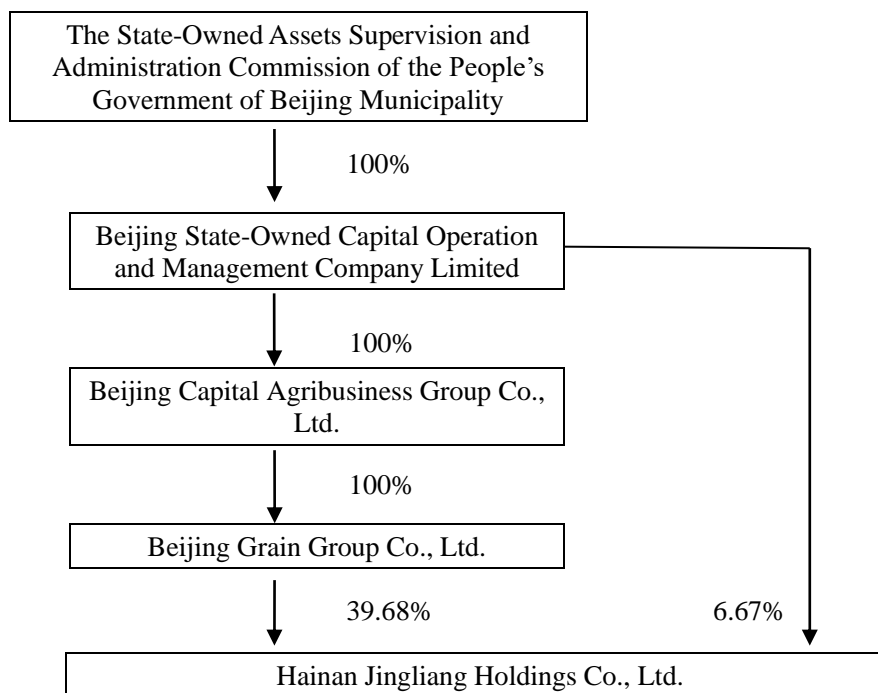
Number of ordinary shareholders at the period-end	59,249	Number of ordinary shareholders at the month-end prior to the disclosure of this Report	53,755	Number of preferred shareholders with resumed voting rights at the period-end	0	Number of preferred shareholders with resumed voting rights at the month-end prior to the disclosure of this Report	0
Name of shareholder	Nature of shareholder	Shareholding percentage	Total shares held at the period-end	Restricted shares held	Shares in pledge, marked or frozen		
					Status	Shares	
BEIJING GRAIN GROUP CO., LTD.	State-owned legal person	39.68%	288,439,561		0		
BEIJING STATE-OWNED CAPITAL OPERATION AND MANAGEMENT COMPANY LIMITED	State-owned legal person	6.67%	48,510,460		0		
WANG YUECHENG	Domestic natural person	5.66%	41,159,887		41,159,887		
LI SHERYN ZHAN MING	Foreign natural person	0.71%	5,155,300		0		

GOLD BUFFALO RUNYING (TIANJIN) EQUITY INVESTMENT FUND MANAGEMENT CO., LTD.—GOLD BUFFALO RUNYING (TIANJIN) EQUITY INVESTMENT FUND (L.P.)	Other	0.40%	2,889,803	0	
MEI JIANYING	Domestic natural person	0.36%	2,604,203	0	
ZHANG XIAOXIA	Domestic natural person	0.27%	1,949,250	0	
WANG XIAOXING	Domestic natural person	0.23%	1,679,200	0	
ORIENT SECURITIES (HONG KONG) LIMITED	Foreign legal person	0.18%	1,330,400	0	
CITIC SECURITIES COMPANY LIMITED—TIANHONG CHINA SECURITIES FOOD AND BEVERAGES TRADING OPEN-ENDED INDEX SECURITIES INVESTMENT FUND	Other	0.16%	1,197,700	0	
Related or acting-in-concert parties among the shareholders above	① Beijing State-Owned Capital Operation and Management Center owns an indirect 100% share of Beijing Grain Group Co., Ltd., and Beijing Grain Group Co., Ltd. is the controlling shareholder of the Company (a 39.68% holding). ② Wang Yuecheng is a Deputy General Manager of the Company. Apart from that, the Company does not know whether there are any other related parties or acting-in-concert parties among the top 10 shareholders.				
Shareholders involved in securities margin trading (if any)	Shareholder Wang Xiaoxing holds 1,679,200 shares in the Company through his account of collateral securities for margin trading in Soochow Securities Co., Ltd.				

## (2) Number of Preferred Shareholders and Shareholdings of Top 10 of Them

Applicable  Not applicable

No preferred shareholders in the Reporting Period.

**(3) Ownership and Control Relations between the Actual Controller and the Company****5. Outstanding Bonds at the Date when this Report Was Authorized for Issue**

Applicable  Not applicable

**Part III Significant Events**

2021 marks the commencement of China's "14<sup>th</sup> Five-Year Plan", the 100<sup>th</sup> anniversary of the founding of the Communist Party of China (the "CPC"), as well as the first year for the Company's "Three-year Actions for State-owned Enterprise Reform", which is aimed to drive leapfrog growth. In the year, the Company closely followed the general principle of seeking progress while keeping performance stable, adhered to the right path of innovation, and managed to overcome multiple difficulties. With strong CPC leadership, the Company saw a good start for the 14<sup>th</sup> Five-Year Plan period, with effective anti-pandemic actions, as well as a stabilizing and improving development momentum.

For the year under review, the Company recorded operating revenue of RMB11.763 billion, up 34.56% year on year; a gross profit of RMB315 million, up 10.56% year on year; a net profit attributable to the listed company's shareholders of RMB204 million, up 10.61% year on year; and earnings per share of RMB0.28, up 7.69% year on year. As such, the objectives for the year were successfully accomplished.

No significant changes occurred to the Company's operations in the Reporting Period.

**Part VI 2021 Financial Statements**



## Consolidated Balance Sheet (Continued)

Prepared by: Hainan Jingliang Holdings Co., Ltd.			
			Monetary Unit: RMB Yuan
Items	31 December 2021	31 December 2020	Notes
<b>Current liabilities:</b>			
Short-term borrowings	1,521,669,601.35	1,497,414,079.05	VI.21
△Borrowings from central bank			
△Loans from banks and other financial institutions			
Transactional financial liabilities			
Derivative financial liabilities	70,305,871.37	371,219,136.84	VI.22
Notes payable			
Accounts payable	186,748,746.42	75,384,075.39	VI.23
Account collected in advance	996,173.41	1,087,874.02	VI.24
Contract liabilities	520,816,995.93	346,874,260.90	VI.25
△Financial assets sold under repurchase agreements			
△Deposits from customers and interbank deposits			
△Funds from securities trading brokerage business			
△Funds from securities underwriting business			
Employee payroll payable	42,130,650.49	33,345,136.94	VI.26
Taxes payable	104,347,852.69	50,884,214.64	VI.27
Other payables	73,985,586.39	72,292,881.24	VI.28
Including: Interest payable	21,082,795.47	21,082,795.47	VI.28
Dividends payable	3,213,302.88	11,013,302.88	VI.28
△Employee payroll payable			
△Payables for reinsurance			
Held-for-sale liabilities			
Non-current liabilities due within one year	1,582,978.69		VI.29
Other current liabilities	22,994,553.60	8,319,696.79	VI.30
<b>Total current liabilities</b>	<b>2,545,579,010.34</b>	<b>2,456,821,355.81</b>	
<b>Non-current liabilities:</b>			
△Insurance contract reserves			
Long-term borrowings	71,000,000.00		VI.31
Bonds payable			
Including: Preferred stock			
Perpetual capital bonds			
Lease liabilities	1,694,702.62		VI.32
Long-term payables			
Long-term payable to employees	5,677,134.00	5,677,134.00	VI.33
Estimated liabilities			
Deferred income	65,244,499.48	68,716,699.34	VI.34
Deferred income tax liabilities	45,250,919.91	65,115,801.22	VI.19
Other non-current liabilities			
<b>Total non-current liabilities</b>	<b>188,867,256.01</b>	<b>139,509,634.56</b>	
<b>Total liabilities</b>	<b>2,734,446,266.35</b>	<b>2,596,330,990.37</b>	
Owners' equity (or Shareholders' equity):			
Capital stock	726,950,251.00	726,950,251.00	VI.35
Other equity instruments			
Including: Preferred stock			
Perpetual capital bonds			
Capital reserves	1,675,918,350.95	1,674,828,350.95	VI.36
Less: treasury stock			
Other comprehensive income	-682,282.22	-363,258.66	VI.37
Special reserves			
Surplus reserves	122,122,436.98	122,122,436.98	VI.38
△General risk reserve			
Undistributed profit	391,493,534.34	187,033,763.26	VI.39
<b>Total equity attributable to the parent company</b>	<b>2,915,802,291.05</b>	<b>2,710,571,543.53</b>	
Minority equity	396,351,501.50	388,601,959.83	
<b>Total owners' equity (or shareholders' equity)</b>	<b>3,312,153,792.55</b>	<b>3,099,173,503.36</b>	
<b>Total liabilities and owners' equity (or shareholders' equity)</b>	<b>6,046,600,058.90</b>	<b>5,695,504,493.73</b>	





## Balance Sheet (Continued)

Prepared by: Hainan Jingliang Holdings Co., Ltd.			
		Monetary Unit: RMB Yuan	
Items	December 31 2021	December 31 2020	Note
<b>Current liabilities:</b>			
Short-term borrowings			
△ Borrowings from central bank			
△ Loans from banks and other financial institutions			
Transactional financial liabilities			
Derivative financial liabilities			
Notes payable			
Accounts payable			
Account collected in advance	38,896.41	38,896.41	
Contract liabilities			
△ Financial assets sold under repurchase agreements			
△ Deposits from customers and interbank deposits			
△ Funds from securities trading brokerage business			
△ Funds from securities underwriting business			
Employee payroll payable	177,720.27	341,902.14	
Taxes payable	977,825.28	1,037,881.62	
Other payables	33,225,676.78	309,067,618.99	
Including: Interest payable	21,082,795.47	21,082,795.47	
Dividends payable	3,213,302.88	3,213,302.88	
△ Employee payroll payable			
△ Payables for reinsurance			
Held-for-sale liabilities			
Non-current liabilities due within one year			
Other current liabilities			
<b>Total current liabilities</b>	<b>34,420,118.74</b>	<b>310,486,299.16</b>	
Non-current liabilities:			
△ Insurance contract reserves			
Long-term borrowings			
Bonds payable			
Including: Preferred stock			
Perpetual capital bonds			
Lease liabilities			
Long-term payables			
Long-term payable to employees			
Estimated liabilities			
Deferred income			
Deferred income tax liabilities			
Other non-current liabilities			
<b>Total non-current liabilities</b>			
<b>Total liabilities</b>	<b>34,420,118.74</b>	<b>310,486,299.16</b>	
Shareholder's equity:	-	-	
Capital stock	726,950,251.00	726,950,251.00	
Other equity instruments			
Including: Preferred stock			
Perpetual capital bonds			
Capital reserves	2,380,234,900.84	2,379,144,900.84	
Less: treasury stock			
Other comprehensive income			
Special reserves			
Surplus reserves	109,487,064.39	109,487,064.39	
△ General risk reserve			
Undistributed profit	-408,809,468.50	-862,106,544.32	
<b>Total shareholder's equity</b>	<b>2,807,862,747.73</b>	<b>2,353,475,671.91</b>	
<b>Total liabilities and shareholder's equity</b>	<b>2,842,282,866.47</b>	<b>2,663,961,971.07</b>	

## Consolidated Income Statement

Prepared by: Hainan Jingliang Holdings Co., Ltd.	Year 2021		Monetary Unit: RMB Yuan
Items	Amount for the current period	Amount for the prior period	Note
<b>I. Total operating income</b>	11,763,093,835.56	8,741,749,912.11	
Including: Operating income	11,763,093,835.56	8,741,749,912.11	VI.40
△Interest income			
△Premiums earned			
△Fee and commission income			
<b>II. Total operating cost</b>	11,440,200,537.43	8,493,126,170.72	
Including: Operating cost	11,037,154,469.50	8,090,847,245.42	VI.40
△Interest expenses			
△Fee and commission expenses			
△Surrenders			
△Net claims paid			
△Net appropriation for insurance contracts reserves			
△Dividend expenses for policyholders			
△Reinsurance expenditures			
Tax and surcharges	23,788,999.87	23,182,521.26	VI.41
Selling expenses	147,316,118.24	168,538,310.92	VI.42
Administration expenses	198,767,892.19	179,538,728.93	VI.43
Research and development expenses	12,049,947.96	9,903,221.93	VI.44
Financial expenses	21,123,109.67	21,116,142.26	VI.45
Including: interest expenses	42,302,007.06	31,742,996.45	VI.45
Interest income	26,216,178.46	16,035,923.84	VI.45
Add: Other income	14,535,083.32	16,222,504.88	VI.46
Income from investment (Losses shall be filled in with "-")	44,039,777.71	37,875,880.38	VI.47
Including: income from investment on joint venture and cooperative enterprise	37,822,580.24	19,542,664.00	VI.47
Income from derecognition of financial assets measured at amortized cost			
△Income from exchange(Losses shall be filled in with "-")			
Income from net exposure hedging(Losses shall be filled in with "-")			
Income from changes in fair value (Losses shall be filled in with "-")	-66,667,420.88	-16,467,791.36	VI.48
Credit impairment loss(Losses shall be filled in with "-")	-539,523.46	251,710.19	VI.49
Income from assets impairment(Losses shall be filled in with "-")	-306,388.07	-63,449.10	VI.50
Income from asset disposal (Losses shall be filled in with "-")	-208,369.12	38,752.37	VI.51
<b>III. Operating profit (Losses shall be filled in with "-")</b>	313,746,457.63	286,481,348.75	
Add: non-operating income	2,067,373.20	746,589.42	VI.52
Less: non-operating expenditure	328,641.29	1,888,144.99	VI.53
<b>IV. Total profit (Total losses shall be filled in with "-")</b>	315,485,189.54	285,339,793.18	
Less: income tax expense	76,251,467.60	66,115,298.62	VI.54
<b>V. Net profit (Net loss shall be filled in with "-")</b>	239,233,721.94	219,224,494.56	
Including: net profit of the merged party before the merger			
(I) Classified by operations continuity:			
1. Net profit from continuing operations (Net loss shall be filled in with "-")	239,233,721.94	219,224,494.56	
2. Net profit from discontinuing operations (Net loss shall be filled in with "-")			
(II) Classified by ownership attribution:			
1. Net profit attributable to shareholders of the parent company (Net loss shall be filled in with "-")	204,459,771.08	184,846,956.70	
2. Minority interest income (Net loss shall be filled in with "-")	34,773,950.86	34,377,537.86	
<b>VI. Net of tax from other comprehensive income</b>	-319,023.56	-630,886.80	
Net of tax from other comprehensive income attributable to shareholders of the parent company	-319,023.56	-630,886.80	
1. Other comprehensive income that cannot be reclassified into the profit and loss			
(1) Remeasure changes in defined benefit plans			
(2) Other comprehensive income that cannot be transferred to gains and losses under the equity method			
(3) Changes in fair value of other equity instrument investments			
(4) Changes in the fair value of the company's own credit risk			
2. Other comprehensive income that will be reclassified into the profit and loss	-319,023.56	-630,886.80	
(1) Other comprehensive income that can be transferred to gains and losses under the equity method	-105,630.50	-81,510.00	
(2) Changes in fair value of other debt investments			
(3) Reclassification of financial assets included in other comprehensive income			
(4) Provision for credit impairment of other debt investments			
(5) Cash flow hedge reserve			
(6) Balance arising from the translation of foreign currency	-213,393.06	-549,376.80	
(7) Other			
Net of tax from other comprehensive income attributable to minority shareholder			
<b>VII. Total comprehensive income</b>	238,914,698.38	218,593,607.76	
Total comprehensive income attributable to shareholders of the parent company	204,140,747.52	184,216,069.90	
Total comprehensive income attributable to minority shareholder	34,773,950.86	34,377,537.86	
<b>VIII. Earnings per share:</b>			
(I) Basic earnings per share	0.28	0.26	
(II) Diluted earnings per share	0.28	0.26	

## Income Statement

Prepared by: Hainan Jingliang Holdings Co., Ltd.	Year 2021		Monetary Unit: RMB Yuan
Items	Amount for the current period	Amount for the prior period	Note
<b>I. Total operating income</b>	591,060.56	1,181,687.83	
Including: operating income	591,060.56	1,181,687.83	XVI.4
△Interest income			
△Earned premium			
△Fee and commission income			
<b>II. Total operating cost</b>	9,311,844.39	26,118,381.35	
Including: operating cost	341,162.52		XVI.4
△Interest expenses			
△Fee and commission expenses			
△Surrenders			
△Net claims paid			
△Net appropriation for insurance contracts reserves			
△Dividend expenses for policyholders			
△Reinsurance expenditures			
Tax and surcharges	259,377.02	151,241.71	
Selling expenses			
Administration expenses	8,710,846.48	25,988,631.19	
Research and development expenses			
Financial expenses	458.37	-21,491.55	
Including: interest expenses			
Interest income	2,566.23	26,478.83	
Add: Other income	84,564.61	79,821.19	
Income from investment (Losses shall be filled in with "-")	461,597,751.35	206,400,562.23	XVI.5
Including: income from investment on joint venture and cooperative enterprise			
Income from derecognition of financial assets measured at amortized cost (Losses shall be filled in with "-")			
△Income from exchange(Losses shall be filled in with "-")			
Income from net exposure hedging(Losses shall be filled in with "-")			
Income from changes in fair value (Losses shall be filled in with "-")			
Credit impairment loss(Losses shall be filled in with "-")	-99,118.26	-33,884.15	
Income from assets impairment(Losses shall be filled in with "-")			
Income from asset disposal (Losses shall be filled in with "-")	-24,042.07		
<b>III. Total profit (Total losses shall be filled in with "-")</b>	452,838,371.80	181,509,805.75	
Add: non-operating income	458,704.02	4,001.44	
Less: non-operating expenditure		1,015,288.35	
<b>IV. Total profit (Total losses shall be filled in with "-")</b>	453,297,075.82	180,498,518.84	
Less: income tax expense			
<b>V. Net profit (Net loss shall be filled in with "-")</b>	453,297,075.82	180,498,518.84	
(I) Net profit from continuing operations (Net loss shall be filled in with "-")	453,297,075.82	180,498,518.84	
(II) Net profit from discontinuing operations (Net loss shall be filled in with "-")			
<b>VI. Net of tax from other comprehensive income</b>			
(I) Other comprehensive income that cannot be reclassified into the profit and loss			
1. Other comprehensive income that cannot be reclassified into the profit and loss			
2. Other comprehensive income that cannot be transferred to gains and losses under the equity method			
(3) Changes in fair value of other equity instrument investments			
(4) Changes in the fair value of the company's own credit risk			
(II) Other comprehensive income that will be reclassified into the profit and loss			
(1) Other comprehensive income that can be transferred to gains and losses under the equity method			
(2) Changes in fair value of other debt investments			
(3) Reclassification of financial assets included in other comprehensive income			
(4) Provision for credit impairment of other debt investments			
(5) Cash flow hedge reserve			
(6) Balance arising from the translation of foreign currency			
(7) Other			
<b>VII. Total comprehensive income</b>	453,297,075.82	180,498,518.84	
<b>VIII. Earnings per share</b>			
(I) Basic earnings per share			
(II) Diluted earnings per share			

## Consolidated Cash Flow Statement

Prepared by: Hainan Jingliang Holdings Co., Ltd.	Year 2021		Monetary Unit: RMB Yuan
Items	Amount for the current period	Amount for the prior period	Note
<b>I. Cash Flows from Operating Activities:</b>			
Cash Receipts from Sales of Goods or Rendering of Services	12,849,760,935.34	9,385,571,737.86	
△Net increase in customer deposits and due to banks and other financial institutions			
△Net increase in borrowings from the Central Bank			
△Net increase in borrowings from other financial institutions			
△Cash received for insurance premium			
△Net cash received from reinsurance contracts			
△Net increase in deposits and investments from policyholders			
△Cash received for interest, fee and commission			
△Net increase in borrowings from banks			
△Net cash increase under repurchase agreements			
△Net increase received from securities trading brokerage business			
Tax Refund Receipts	11,281,074.60	14,262,674.77	
Other Cash Receipts Concerning Operating Activities	1,593,774,303.16	963,876,029.48	VI.56
<b>Subtotal of Cash Inflows from Operating Activities</b>	<b>14,454,816,313.10</b>	<b>10,363,710,442.11</b>	
Cash Paid for Purchase of Goods and Accepting Services	11,555,020,531.14	8,473,107,195.86	
△Net increase in loans and advances to customers			
△Net increase in deposit in the Central Bank and due from banks and other financial institutions			
△Cash paid for claims in insurance contracts			
△Net increase in loans to banks and other financial institutions			
△Cash paid for interest, fee and commission			
△Cash paid for dividends for policyholders			
Cash Paid to and for Employees	343,905,871.99	307,592,571.93	
Taxes and Fees Paid	196,473,475.29	179,390,552.66	
Other Cash Paid Concerning Operating Activities	1,727,176,378.24	1,650,161,031.74	VI.56
<b>Subtotal of Cash Outflows from Operating Activities</b>	<b>13,822,576,256.66</b>	<b>10,610,251,352.19</b>	
<b>Net Cash Flows from Operating Activities</b>	<b>632,240,056.44</b>	<b>-246,540,910.08</b>	VI.57
<b>II. Cash Flows from Investment Activities:</b>			
Cash Receipts from Disinvestment	2,148,406,585.67	3,601,922,000.00	
Cash Receipts from Returns on Investments	30,892,440.84	19,842,141.06	
Net Cash from Disposal of Fixed Assets, Intangible Assets and Other Long-term Assets	344,988.32	1,266,650.68	
Net Cash Received by Disposal of Subsidiaries and Other Business		5,000,000.00	
Other Cash Receipts Concerning Investment Activities		960,000.00	VI.56
<b>Subtotal of Cash Inflows from Investment Activities</b>	<b>2,179,644,014.83</b>	<b>3,628,990,791.74</b>	
Cash Paid for Purchase and Construction of Fixed Assets, Intangible Assets and Other Long-term Assets	66,831,643.32	37,391,421.93	
Cash Paid for Investments	2,591,605,029.22	3,556,280,248.53	
△Net increase in mortgage loans			
Net Cash Paid for obtaining Subsidiaries and Other Business Units			
Other Cash Paid Concerning Investment Activities			
<b>Subtotal of Cash Outflows from Investment Activities</b>	<b>2,658,436,672.54</b>	<b>3,593,671,670.46</b>	
<b>Net Cash Flows from Investment Activities</b>	<b>-478,792,657.71</b>	<b>35,319,121.28</b>	
<b>III. Cash Flows from Financing Activities:</b>			
Cash Receipts from Accepting Investment			
Including: Cash Received by Subsidiaries Absorbing the Investment from Minority Shareholders			
Cash Receipts from Borrowings	3,597,869,836.82	2,552,237,354.30	
Other Cash Receipts Concerning Financing Activities	1,090,000.00		VI.56
<b>Subtotal of Cash Inflows from Financing Activities</b>	<b>3,598,959,836.82</b>	<b>2,552,237,354.30</b>	
Cash Paid for Repayment of Debts	3,501,459,721.50	2,385,384,073.90	
Cash Paid for Distribution of Dividends, Profits or Repayment of Interests	77,126,416.25	50,390,323.04	
Including: Dividends and Profits Paid by Subsidiaries to Minority Shareholders	27,054,652.03	3,713,626.89	
Other Cash Paid Concerning Financing Activities	937,516.52	104,730,266.66	VI.56
<b>Subtotal of Cash Outflows from Financing Activities</b>	<b>3,579,523,654.27</b>	<b>2,540,504,663.60</b>	
<b>Net Cash Flows from Financing Activities</b>	<b>19,436,182.55</b>	<b>11,732,690.70</b>	
<b>IV. Exchange Rate Fluctuation Consequences on Cash and Cash Equivalents</b>	<b>-343,788.00</b>	<b>-21,219,661.70</b>	
<b>V. Net Increase in Cash and Cash Equivalents</b>	<b>172,539,793.28</b>	<b>-220,708,759.80</b>	VI.57
Add: Opening Balance of Cash and Cash Equivalents	334,389,017.41	555,097,777.21	VI.57
<b>VI. Closing Balance of Cash and Cash Equivalents</b>	<b>506,928,810.69</b>	<b>334,389,017.41</b>	VI.57

## Statement of Cash Flows

Prepared by: Hainan Jingliang Holdings Co., Ltd.	Year 2021		Monetary Unit: RMB Yuan
Items	Amount for the current period	Amount for the prior period	Note
<b>I. Cash Flows from Operating Activities:</b>			
Cash Receipts from Sales of Goods or Rendering of Services		540,121.28	
△Net increase in customer deposits and due to banks and other financial institutions			
△Net increase in borrowings from the Central Bank			
△Net increase in borrowings from other financial institutions			
△Cash received for insurance premium			
△Net cash received from reinsurance contracts			
△Net increase in deposits and investments from policyholders			
△Cash received for interest, fee and commission			
△Net increase in borrowings from banks			
△Net cash increase under repurchase agreements			
△Net increase received from securities trading brokerage business			
Tax Refund Receipts			
Other Cash Receipts Concerning Operating Activities	6,021,876.55	63,468,858.85	
<b>Subtotal of Cash Inflows from Operating Activities</b>	<b>6,021,876.55</b>	<b>64,008,980.13</b>	
Cash Paid for Purchase of Goods and Accepting Services			
△Net increase in loans and advances to customers			
△Net increase in deposit in the Central Bank and due from banks and other financial institutions			
△Cash paid for claims in insurance contracts			
△Net increase in loans to banks and other financial institutions			
△Cash paid for interest, fee and commission			
△Cash paid for dividends for policyholders			
Cash Paid to and for Employees	4,083,376.46	20,082,555.72	
Taxes and Fees Paid	253,557.02	390,600.97	
Other Cash Paid Concerning Operating Activities	3,463,536.06	251,832,365.29	
<b>Subtotal of Cash Outflows from Operating Activities</b>	<b>7,800,469.54</b>	<b>272,305,521.98</b>	
<b>Net Cash Flows from Operating Activities</b>	<b>-1,778,592.99</b>	<b>-208,296,541.85</b>	
<b>II. Cash Flows from Investment Activities:</b>			
Cash Receipts from Disinvestment			
Cash Receipts from Returns on Investments	461,597,751.35	206,400,562.23	
Net Cash from Disposal of Fixed Assets, Intangible Assets and Other Long-term Assets	50,200.00	291,000.00	
Net Cash Received by Disposal of Subsidiaries and Other Business Units			
Other Cash Receipts Concerning Investment Activities			
<b>Subtotal of Cash Inflows from Investment Activities</b>	<b>461,647,951.35</b>	<b>206,691,562.23</b>	
Cash Paid for Purchase and Construction of Fixed Assets, Intangible Assets and Other Long-term Assets	89,800.00	407,799.78	
Cash Paid for Investments			
△Net increase in mortgage loans			
Net Cash Paid for obtaining Subsidiaries and Other Business Units			
Other Cash Paid Concerning Investment Activities	180,000,000.00		
<b>Subtotal of Cash Outflows from Investment Activities</b>	<b>180,089,800.00</b>	<b>407,799.78</b>	
<b>Net Cash Flows from Investment Activities</b>	<b>281,558,151.35</b>	<b>206,283,762.45</b>	
<b>III. Cash Flows from Financing Activities:</b>			
Cash Receipts from Accepting Investment			
Including: Cash Received by Subsidiaries Absorbing the Investment from Minority Shareholders			
Cash Receipts from Borrowings			
Other Cash Receipts Concerning Financing Activities	1,090,000.00		
<b>Subtotal of Cash Inflows from Financing Activities</b>	<b>1,090,000.00</b>		
Cash Paid for Repayment of Debts			
Cash Paid for Distribution of Dividends, Profits or Repayment of Interests			
Including: Dividends and Profits Paid by Subsidiaries to Minority Shareholders			
Other Cash Paid Concerning Financing Activities	280,859,694.11		
<b>Subtotal of Cash Outflows from Financing Activities</b>	<b>280,859,694.11</b>		
<b>Net Cash Flows from Financing Activities</b>	<b>-279,769,694.11</b>		
<b>IV. Exchange Rate Fluctuation Consequences on Cash and Cash Equivalents</b>			
<b>V. Net Increase in Cash and Cash Equivalents</b>	<b>9,864.25</b>	<b>-2,012,779.40</b>	
Add: Opening Balance of Cash and Cash Equivalents	1,523,322.79	3,536,102.19	
<b>VI. Closing Balance of Cash and Cash Equivalents</b>	<b>1,533,187.04</b>	<b>1,523,322.79</b>	

## Consolidated Statement of Changes in Equity

Prepared by: Hainan Jingliang Holdings Co., Ltd.

Year 2021

Monetary Unit: RMB Yuan

Items	Current Amount												Minority equity	Total shareholders' equities	
	Shareholder's Equity attributable to the Parent Company														
	Capital stock	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	ΔGeneral risk reserve	Undistributed profit	Others			Subtotal
	preferred stock	perpetual bond	Others												
<b>I. Year-end balance of last year</b>	726,950,251.00				1,674,828,350.95		-363,258.66		122,122,436.98		187,033,763.26		<b>2,710,571,543.53</b>	388,601,959.83	<b>3,099,173,503.36</b>
Add: changes in accounting policies															
Correction of prior period errors															
Merger of enterprises under the same control															
Other															
<b>II. Balance at beginning of current year</b>	726,950,251.00				1,674,828,350.95		-363,258.66		122,122,436.98		187,033,763.26		<b>2,710,571,543.53</b>	388,601,959.83	<b>3,099,173,503.36</b>
<b>III. Increases and decreases of current year (Decrease shall be filled in with "-")</b>					1,090,000.00		-319,023.56				204,459,771.08		<b>205,230,747.52</b>	7,749,541.67	<b>212,980,289.19</b>
(I) Total comprehensive income							-319,023.56				204,459,771.08		<b>204,140,747.52</b>	34,773,950.86	<b>238,914,698.38</b>
(II) Investment of shareholders and capital reduction					1,090,000.00								<b>1,090,000.00</b>		<b>1,090,000.00</b>
1. Common equity invested by shareholders															
2. Capital invested by other equity instruments holders															
3. The amount of shares recorded into the shareholder's equity															
4. Others					1,090,000.00								<b>1,090,000.00</b>		<b>1,090,000.00</b>
<b>(III) Distribution of profits</b>														-27,024,409.19	<b>-27,024,409.19</b>
1. Withdrawal of surplus reserves															
2. Withdrawal of general risk reserve															
3. Distribution to shareholders														-27,024,409.19	<b>-27,024,409.19</b>
4. Others															
<b>(IV) Inner carrying-over of shareholders' equities</b>															
1. Capital reserve converted into capital (or capital stock)															
2. Surplus public accumulation converted into capital (or capital stock)															
3. Surplus public accumulation loss remedy															
4. Change in defined benefit plan carried forward to retained earnings															
5. Other comprehensive income carried forward to retained earnings															
6. Others															
<b>(V) Special reserve</b>															
1. Withdrawal for current period															
2. Use for current period															
<b>(VI) Others</b>															
<b>IV. Closing balance of current year</b>	<b>726,950,251.00</b>				<b>1,675,918,350.95</b>		<b>-682,282.22</b>		<b>122,122,436.98</b>		<b>391,493,534.34</b>		<b>2,915,802,291.05</b>	<b>396,351,501.50</b>	<b>3,312,153,792.55</b>

### Consolidated Statement of Changes in Equity (Continued)

Prepared by: Hainan Jingliang Holdings Co., Ltd.

Year 2021

Monetary Unit: RMB Yuan

Items	Amount of Last Period												Minority equity	Total shareholders' equities		
	Shareholder's Equity attributable to the Parent Company															
	Capital stock	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	ΔGeneral risk reserve	Undistributed profit	Others			Subtotal	
		ferred	perpetual	bo	Others											
<b>I. Year-end balance of last year</b>	685,790,364.00					1,595,672,048.19		267,628.14		122,122,436.98		2,186,806.56		2,406,039,283.87	585,056,356.90	2,991,095,640.77
Add: changes in accounting policies																
Correction of prior period errors																
Merger of enterprises under the same control																
Other																
<b>II. Balance at beginning of current year</b>	685,790,364.00					1,595,672,048.19		267,628.14		122,122,436.98		2,186,806.56		2,406,039,283.87	585,056,356.90	2,991,095,640.77
<b>III. Increases and decreases of current year</b> (Decrease shall be filled in with "-")	41,159,887.00					79,156,302.76		-630,886.80				184,846,956.70		304,532,259.66	-196,454,397.07	108,077,862.59
(I) Total comprehensive income								-630,886.80				184,846,956.70		184,216,069.90	34,377,537.86	218,593,607.76
(II) Investment of shareholders and capital reduction	41,159,887.00					79,156,302.76								120,316,189.76	-227,118,308.04	-106,802,118.28
1. Common equity invested by shareholders	41,159,887.00					205,757,432.13								246,917,319.13		246,917,319.13
2. Capital invested by other equity instruments holders																
3. The amount of shares recorded into the shareholder's equity																
4. Others						-126,601,129.37								-126,601,129.37	-227,118,308.04	-353,719,437.41
<b>(III) Distribution of profits</b>															-3,713,626.89	-3,713,626.89
1. Withdrawal of surplus reserves																
2. Withdrawal of general risk reserve																
3. Distribution to shareholders															-3,713,626.89	-3,713,626.89
4. Others																
<b>(IV) Inner carrying-over of shareholders' equities</b>																
1. Capital reserve converted into capital (or capital stock)																
2. Surplus public accumulation converted into capital (or capital stock)																
3. Surplus public accumulation loss remedy																
4. Change in defined benefit plan carried forward to retained earnings																
5. Other comprehensive income carried forward to retained earnings																
6. Others																
<b>(V) Special reserve</b>																
1. Withdrawal for current period																
2. Use for current period																
<b>(VI) Others</b>																
<b>IV. Closing balance of current year</b>	726,950,251.00					1,674,828,350.95		-363,258.66		122,122,436.98		187,033,763.26		2,710,571,543.53	388,601,959.83	3,099,173,503.36



## Statement of Changes in Equity

Prepared by: Hainan Jingliang Holdings Co., Ltd.												
Year 2021												
Monetary Unit: RMB Yuan												
Items	Current Amount											
	Capital stock	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	ΔGeneral risk reserve	Undistributed profit	Total shareholders' equities
		Preferred stock	Perpetual bond	Others								
<b>I. Year-end balance of last year</b>	726,950,251.00				2,379,144,900.84				109,487,064.39		-862,106,544.32	2,353,475,671.91
Add: changes in accounting policies												
Correction of prior period errors												
Other												
<b>II. Balance at beginning of current year</b>	726,950,251.00				2,379,144,900.84				109,487,064.39		-862,106,544.32	2,353,475,671.91
<b>III. Increases and decreases of current year (Decrease shall be filled in with "-")</b>					1,090,000.00						453,297,075.82	454,387,075.82
(I) Total comprehensive income											453,297,075.82	453,297,075.82
(II) Investment of shareholders and capital reduction					1,090,000.00							1,090,000.00
1. Common equity invested by shareholders												
2. Capital invested by other equity instruments holders												
3. The amount of shares recorded into the shareholder's equity												
4. Others					1,090,000.00							1,090,000.00
<b>(III) Distribution of profits</b>												
1. Withdrawal of surplus reserves												
2. Withdrawal of general risk reserve												
3. Distribution to shareholders												
4. Others												
<b>(IV) Inner carrying-over of shareholders' equities</b>												
1. Capital reserve converted into capital (or capital stock)												
2. Surplus public accumulation converted into capital (or capital stock)												
3. Surplus public accumulation loss remedy												
4. Change in defined benefit plan carried forward to retained earnings												
5. Other comprehensive income carried forward to retained earnings												
6. Others												
<b>(V) Withdrawal and use of Special reserve</b>												
1. Withdrawal for current period												
2. Use for current period												
<b>(VI) Others</b>												
<b>IV. Closing balance of current year</b>	726,950,251.00				2,380,234,900.84				109,487,064.39		-408,809,468.50	2,807,862,747.73

## Statement of Changes in Equity (Continued)

Prepared by: Hainan Jingliang Holdings Co., Ltd.												Year 2021	Monetary Unit: RMB Yuan
Items	Amount of Last Period												
	Capital stock	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Δ General risk reserve	Undistributed profit	Total shareholders' equities	
		Preferred stock	Perpetual bond	Others									
<b>I. Year-end balance of last year</b>	685,790,364.00				2,173,387,468.71				109,487,064.39		-1,042,605,063.16	<b>1,926,059,833.94</b>	
Add: changes in accounting policies													
Correction of prior period errors													
Other													
<b>II. Balance at beginning of current year</b>	685,790,364.00				2,173,387,468.71				109,487,064.39		-1,042,605,063.16	<b>1,926,059,833.94</b>	
<b>III. Increases and decreases of current year (Decrease shall be filled in with "-")</b>	41,159,887.00				205,757,432.13						180,498,518.84	<b>427,415,837.97</b>	
(I) Total comprehensive income											180,498,518.84	<b>180,498,518.84</b>	
(II) Investment of shareholders and capital reduction	41,159,887.00				205,757,432.13							<b>246,917,319.13</b>	
1. Common equity invested by shareholders	41,159,887.00				205,757,432.13							<b>246,917,319.13</b>	
2. Capital invested by other equity instruments holders													
3. The amount of shares recorded into the shareholder's equity													
4. Others													
<b>(III) Distribution of profits</b>													
1. Withdrawal of surplus reserves													
2. Withdrawal of general risk reserve													
3. Distribution to shareholders													
4. Others													
<b>(IV) Inner carrying-over of shareholders' equities</b>													
1. Capital reserve converted into capital (or capital stock)													
2. Surplus public accumulation converted into capital (or capital stock)													
3. Surplus public accumulation loss remedy													
4. Change in defined benefit plan carried forward to retained earnings													
5. Other comprehensive income carried forward to retained earnings													
6. Others													
<b>(V) Withdrawal and use of Special reserve</b>													
1. Withdrawal for current period													
2. Use for current period													
<b>(VI) Others</b>													
<b>IV. Closing balance of current year</b>	<b>726,950,251.00</b>				<b>2,379,144,900.84</b>				<b>109,487,064.39</b>		<b>-862,106,544.32</b>	<b>2,353,475,671.91</b>	

## **Hainan Jingliang Holdings Co., Ltd.**

### **Notes to the 2021 Financial Statements**

**(Unless otherwise stated, the amount unit is RMB Yuan)**

#### **I. Basic Information of the Company**

##### **1. Place of incorporation, form of organization and head office address**

Hainan Jingliang Holdings Co., Ltd. (hereinafter referred to as "the Company" or "Company" or "Jingliang Holdings") is established in accordance with the Hainan Provincial People's Government General Office QFBH (1992) No.1, approved by QY (1992) SGZ No. 6 Document of the People's Bank of Hainan Province and re-registered by Hainan Pearl River Enterprise Company on January 11, 1992. The Company issued 81,880,000 shares in total upon re-registration, of which 60,793,600 shares were converted from the net assets of the original company and 21,086,400 shares were newly issued. And the name of the Company is Hainan Pearl River Enterprise Co., Ltd. The business license registration number of the joint-stock company is 20128455-6, and the holding parent company Guangzhou Pearl River Enterprise Group holds 36,393,600 shares, accounting for 44.45%. Approved by ZGB (1992) No. 83 Document of the People's Bank of China in December 1992, the additional 21,086,400 shares were listed on the Shenzhen Stock Exchange for trading. The industry involved is real estate.

On March 25, 1993, in response to QGBH (1993) No.028 of Hainan Provincial Leading Group Office and SRYFZ (1993) No.099 of Shenzhen Special Economic Zone Branch of the People's Bank of China, the Company increased its share capital by converting the original share capital into 139,196,000 shares (according to distribution of 10, delivery of 5 and transfer of 2), with the controlling shareholder Guangzhou Pearl River Enterprises Group holding 48,969,120 shares accounting for 35.18% at the end of 1993.

In 1994, the share capital was increased by 10 to 10, and the total share capital was 278,392,000 shares after the increase. The controlling shareholder, Guangzhou Pearl River Enterprises Group, holds 97,938,240 shares, accounting for 35.18%.

In 1995, the issuance of 50,000,000 B Shares was approved by SZBF (1995) No.45 and SZBF (1995) No.12. The share capital of the Company was increased by 10:1.5 on the basis of the share capital after the additional B shares were issued, and the share capital of the Company after the increase was 377,650,800 shares. The holding parent company, Guangzhou Pearl River Enterprises Group, held 112,628,976 shares, accounting for 29.82% of the total.

In 1999, Guangzhou Pearl River Enterprises Group transferred all 112,628,976 shares to Beijing

Wanfa Real Estate Development Co., Ltd.. After the transfer of shares was completed in June 1999, Beijing Wanfa Real Estate Development Co., Ltd. held 112,628,976 shares of the Company, accounting for 29.82% of the total shares of the Company, and became the controlling shareholder of the Company.

On January 10, 2000, the name of the Company was changed to Hainan Pearl River Holding Co., Ltd. and the Business License for Enterprise Legal Person was renewed by Industrial & Commerce Administration Bureau of Hainan Province.

On August 17, 2006, the reform plan of the split share structure of the Company was implemented. The Company transferred 49,094,604 shares of capital stock to all shareholders at the ratio of 10 to 1.3. The original non-tradable shareholders transferred the increased shares to the tradable A-share holders. Beijing Wanfa Real Estate Development Co., Ltd. reimbursed the consideration shares of the non-tradable shareholders who have not expressly expressed their opinions. The converted total share capital was 426,745,404 shares, and the original controlling shareholder Beijing Wanfa Real Estate Development Co., Ltd. held 107,993,698 shares, accounting for 25.31%. Shareholders of non-tradable shares repaid 3,289,780 shares in consideration of the split share structure in 2007. Shareholders of non-tradable shares repaid 1,196,000 shares in consideration of the split share structure in 2009.

On 2 September 2016, Beijing Wanfa Real Estate Development Co., Ltd., the original controlling shareholder, transferred all of its 112,479,478 shares to Beijing Grain Group Co., Ltd. (hereinafter referred to as "Beijing Grain Group"). Upon completion of the share transfer in September 2016, Beijing Grain Group Co., Ltd. held 112,479,478 shares, accounting for 26.36% of the total shares of the Company. In November 2016, based on the confidence in the subject matter of the material asset restructuring and the future development of the Company, Beijing Grain Group Co., Ltd. decided to increase its shareholding through centralized bidding in the secondary market. After the increase, it held 123,561,963 shares of the Company, accounting for 28.95% of the total number of shares, and became the largest shareholder of the Company.

The Company determined July 31, 2017 as the delivery date of material assets in accordance with the material assets restructuring plan and the delivery agreement. On September 14, 2017, approved pursuant to the resolution of the Second Extraordinary General Meeting of Shareholders of the Company on November 18, 2016 and the *Approval Reply of the China Securities Regulatory Commission dated July 28, 2017 On Approval of Hainan Pearl River Holding Co., Ltd. to Purchase Assets and Raise Supporting Funds from Beijing Grain Group Co., Ltd.* (ZJXK (2017) No.1391): 1) The Company purchased assets from the original shareholders of Beijing Grain Food Co., Ltd. (hereinafter referred to as Beijing Grain Food) by issuing 210,079,552 shares of the balance between the transaction price of the injected assets and the assets to be purchased (the difference between the

transaction price of the injected assets and the assets to be purchased was RMB 1,699.5436 million yuan). The par value in the issuance was RMB 1.00 per share and the issuance price was RMB 8.09 per share; 2) The Company has issued 48,965,408 non-public shares of the Company to Beijing Grain Group for the purpose of purchasing the supporting funds raised from the assets of the issuance of shares. The par value per share of the Company was RMB1.00 and the issuance price was RMB8.82 per share. The shareholder Beijing Grain Group conducted subscription in monetary funds. Upon completion of the issue, the registered capital was RMB 685,790,364.00 and the share capital was RMB 685,790,364.00. Beijing Grain Group, which accounted for 42.06% of the total number of shares, became the largest shareholder of the Company.

On November 21, 2019, with the approval of Beijing Shounong Food Group Co., Ltd. (Beijing Shounong Food publish [2019] No. 212), *Approval on the Plan of Purchasing Assets by Cash and Issuing Shares of Hainan Jingliang Holdings Co., Ltd*, On April , 2020, with the approval of *Approval of Hainan Jingliang Holding Co., Ltd. Issuance Shares to Wang Yuecheng to Purchase Assets* by China Securities Regulatory Commission [2020] No. 610, the company shall not issue more than 41,159,887 new shares in private offering to raise funds supporting the purchase of assets through the issued shares. The Company and its subsidiary, Beijing Jingliang Food Co., Ltd., purchased the 25.1149% equity stake of Zhejiang Little Prince by cash and issuance of shares.

As of December 31, 2021, the company has issued 726,950,251.00 shares, and the company's share capital is 726,950,251.00 yuan; Uniform Social Credit Code: 914600002012845568; Registration authority: Hainan Market Supervision Administration; Company type: Limited Company (Listed, State-controlled); Registered address: F29, Dihao Building, Pearl River Square, Binhai Avenue, Haikou City; Legal representative: Li Shaoling.

## 2. The nature of the Company's business and its main business activities

The Company belongs to manufacturing-agricultural and sideline food processing industry. Its main business activities mainly includes: food, beverages, agricultural and sideline products, vegetable proteins and their products, organic fertilizers, microbial fertilizers, production and marketing of agricultural fertilizers; land consolidation, soil remediation; agricultural comprehensive planting development, animal husbandry and aquaculture, agricultural equipment production and marketing; computer network technology, investment in communication projects, research and development and application of high-tech products; investment and consultation of environmental protection projects; animation, graphic design; import and export trade in goods and technology; rental of own premises.

The Company and its subsidiaries are principally engaged in the processing, production and sales of foodstuffs, agricultural and sideline products, grease, oils, and leisure foods.

### **3. The name of the parent company and the ultimate parent company.**

The parent company of the company is Beijing Grain Group Co., Ltd., and the ultimate parent company is Beijing shounong Food Group Co., Ltd.

### **4. The approval institution and the approval date of the financial statements.**

These financial statements have been approved and reported by the Board of Directors of the Company in its resolution dated March 29, 2022.

### **5. Consolidation scope**

The consolidated scope of the consolidated financial statements of the company is determined on the basis of control, including the financial statements of the company and all subsidiaries. Subsidiaries refer to enterprises or entities controlled by the Company.

A total of 18 subsidiaries of the Company were included in the scope of consolidation on 31 December, 2021, as detailed in Note 8 "Interests in Other Entities". The consolidation scope of the Company for the current period is same as the previous period as detailed in Note 7, "Change in Consolidation Scope".

## **II. Preparation Basis for Financial Statements**

### **1. Preparation Basis**

Based on the assumption of going concern and according to actual transaction events, the financial statements are prepared in accordance with the relevant provisions of Accounting Standard for Business Enterprises and the following stated Significant Accounting Policies and Estimates.

#### **2. Going concern**

The Company has a going concern capability for 12 months from the end of the reporting period and no material matters affecting the company's going concern capability were found. Therefore, the financial statements are presented on a going concern basis is reasonable.

## **III. Significant Accounting Policies and Estimates**

The Company and its subsidiaries are engaged in the processing, production and sales of food, agricultural and sideline products, grease, oil and leisure food. According to the characteristics of actual production and operation and the provisions of relevant accounting standards for business enterprises, the Company and its subsidiaries have formulated a number of specific accounting policies and accounting estimates for transactions and events such as revenue recognition. For details, please refer to the descriptions in Note III, 26 "Revenue". For descriptions of the significant accounting judgments and estimates made by the management, please refer to Note III, 32 "Significant Accounting Judgments and Estimates"

## **1. Statement of Compliance of Accounting Standards for Business Enterprises**

The financial statements prepared by the Company based on the above preparation basis conform to the requirements of the Accounting Standards for Business Enterprises and their application guidelines, explanations and other relevant provisions (collectively referred to as "ASBE") and truly and completely reflect the Company's financial status, operating results, cash flow and other relevant information.

In addition, the preparation of this financial report refers to the Rules for Preparation and Reporting Information Disclosure of Companies Offering Securities to the Public No.15-General Provisions on Financial Reports revised by China Securities Regulatory Commission in 2014 and the presentation and disclosure requirements in Notice on Matters Related to the Implementation of the New Accounting Standards for Enterprises by Listed Companies (Accounting Department Letter [2018] No. 453)

## **2. Accounting Period and Business Cycle**

The accounting period of the Company is divided into an annual period and an interim period. The accounting interim period refers to the reporting period shorter than a full accounting year. The fiscal year of the Company adopts the Gregorian calendar year, that is, from January 1 to December 31 of each year.

The normal business cycle is the period from the time the Company purchases assets for processing to the time when cash or cash equivalents are realized. The Company uses 12 months as an business cycle and uses it as a liquidity classification standard for assets and liabilities.

## **3. Bookkeeping Standard Currency**

RMB is the currency in the main economic environment in which the Company and its domestic subsidiaries operate. The Company and its domestic subsidiaries use RMB as the bookkeeping standard currency. The offshore subsidiaries of the Company determine USD as their bookkeeping standard currency based on the currencies in the main economic environment in which they operate. The currency used by the Company in preparing these financial statements is RMB.

## **4. The Accounting Treatment of Business Combination under the Same Control and Different Control**

Business Combination refers to the transaction or event in which two or more separate enterprises are merged to form one reporting entity. Business combination can be divided into business combination under the same control and business combination under different control.

### **(1) Business combination under the same control**

Enterprises participating in the combination are ultimately controlled by the same party or

multiple parties before and after the combination, and the control is not temporary, so it is the business combination under the same control. In case of business combination under the same control, the party that obtains control of other enterprises participating in the combination on the combination date shall be the combination party, and the other enterprises participating in the combination shall be the merged party. The combination date refers to the date on which the combination party actually acquires control over the merged party.

The assets and liabilities acquired by the combination party are measured at the book value of the merged party at the date of consolidation, including goodwill that was formed during acquisition by end controller . If the difference between the book value of the net assets acquired by the merging party and the book value of the merged consideration (or the total par value of the issued shares) paid by the merging party, and the capital reserve (share capital premium) shall be adjusted; If the capital reserve (equity premium) is insufficient to offset, the retained earnings shall be adjusted.

The direct expenses incurred by the merging party for the purpose of business combination shall be included in the profits and losses of the current period when they are incurred.

## (2) Business combination under different control

If the enterprises participating in the merger are not ultimately controlled by the same party or multiple parties before and after the merger, the enterprise merger is not under the same control. In case of business combination under different control, the party that obtains control of other enterprises participating in the combination on the date of purchase shall be the Purchaser, and the other enterprises participating in the combination shall be the Purchasee. Purchase date means the date on which the Purchaser actually acquires control of the Purchasee.

For business combination under different control, the merger cost includes the assets, liabilities and fair value of equity securities issued by the Purchaser in order to obtain the control over the Purchasee on the date of purchase, and the intermediary fees such as audit, legal service, appraisal and consultation and other management fees for the enterprise merger are used to record into the profits and losses of the current period when incurred. The transaction costs of equity or debt securities issued by the Purchaser as a merger consideration are included in the initial recognition amount of the equity or debt securities. Contingent consideration involved shall be included in the consolidation cost at its fair value at the purchase date, and the consolidation goodwill shall be adjusted accordingly if new or further evidence of the existence of circumstances at the purchase date appears within 12 months after the purchase date and the adjustment or consideration is required. The consolidation cost incurred by the Purchaser and the identifiable net assets acquired during the consolidation are measured at the fair value at the date of purchase. The difference between the merger costs and the fair value shares of the identifiable net assets of the Purchasee at the purchase date obtained in the merger is recognized as



goodwill. If the combined cost is less than the fair value of the identifiable net assets of the Purchasee in the merger, first, the fair value of the identifiable assets, liabilities and contingent liabilities of the Purchasee and the measurement of the consolidation cost shall be re-checked. If the consolidation cost is still smaller than the fair value share of the identifiable net assets of the Purchased obtained in the consolidation after the re-check, the difference shall be recorded into the profits and losses of the current period.

When the Purchaser acquires the deductible temporary difference of the Purchasee, if it fails to recognize the deferred income tax assets on the date of purchase because it does not meet the recognition conditions for the deferred income tax, and within 12 months of the date of purchase, new or further information is obtained indicating that the relevant circumstances at the purchase date already exist and the economic benefits from the temporary difference deductible by the purchaser on the purchase date are expected to be realized, the relevant deferred income tax assets shall be recognized, and the goodwill shall be reduced. If the goodwill is not sufficiently offset, the difference shall be recognized as the current profit or loss; In addition to the above circumstances, the deferred income tax assets related to the enterprise merger are recognized and included in the current profits and losses.

Through multi-transaction and step-by-step business combination under different control, according to the *Circular of the Ministry of Finance on Printing and Issuing the Interpretation of Accounting Standards for Business Enterprises No.5* (CK (2012) No.19) and Article 51 of the *Accounting Standards for Business Enterprises No.33-Consolidated Financial Statements* on the judgment criteria of "package deal" (see 5 (2) of Note 3), it is determined whether the multiple transactions belong to the "package deal". In the case of a "package deal", the accounting treatment shall be performed with reference to the description in the preceding paragraphs of this section and Note 3, 13 "Long-term Equity Investments"; If the transaction is not a "package deal", the accounting treatment shall be distinguished between the individual financial statements and the consolidated financial statements:

In the individual financial statements, the sum of the book value of the equity investment held by the Purchaser prior to the purchase date and the cost of the new investment at the purchase date shall be taken as the initial investment cost of the investment; Where the equity of the Purchased held before the date of purchase involves other comprehensive income, the other consolidated income associated with the investment is accounted for on the same basis as the assets or liabilities directly disposed of by the Purchaser (i.e., except for the corresponding share in the change caused by the acquisition of the net liability or net assets of the defined benefit plan remeasured in accordance with the equity method, the rest is transferred to the current investment income).

In the consolidated financial statements, the equity of the Purchased held prior to the date of purchase is remeasured according to the fair value of the equity at the date of purchase, and the difference between the fair value and the carrying value is included in the investment income of the current period; Where the equity of the Purchasee held before the date of purchase involves other comprehensive income, other consolidated income related thereto shall be accounted for on the same basis as the direct disposal of the relevant assets or liabilities by the Purchaser (i.e., except for the corresponding share in the change caused by the acquisition of the net liability or net asset of the defined benefit plan remeasured in accordance with the equity method, the rest is converted into the investment income of the current period to which the acquisition date belongs).

## **5. Preparation Method of Consolidated Financial Statement**

### **(1) Principles for determining the scope of the consolidated financial statement**

The scope of consolidation of the consolidated financial statements is determined on a control basis. Control means that the Company has the authority over the Investee, enjoys a variable return by participating in the relevant activities of the Investee, and has the ability to use its authority over the Investee to influence the amount of such return. The scope of the merger includes the Company and all its subsidiaries. Subsidiary refers to the main body controlled by the Company.

The Company will re-evaluate the above control definitions once the relevant facts and circumstances change, which results in the change of the relevant elements.

### **(2) Preparation method of consolidated financial statement**

The Company begins to incorporate the net assets of the subsidiary and the actual control of the production and operation decisions into the scope of the merger from the date when the subsidiary is acquired; Cease to be included in the scope of the merger as of the date of loss of effective control. For the subsidiaries disposed of, the operating results and cash flows prior to the date of disposal have been appropriately included in the consolidated income statement and consolidated cash flow statement; For subsidiaries disposed of in the current period, the opening amount of the consolidated balance sheet is not adjusted. The operating results and cash flows of subsidiaries increased by consolidation after purchase have been properly included in the consolidated income statement and consolidated cash flow statement, and the opening and comparative amounts in the consolidated financial statements have not been adjusted for subsidiaries that are not under the same control. The operating results and cash flows of the subsidiaries increased by consolidation under the same control from the beginning of the consolidation period to the consolidation date have been appropriately included in the consolidated profit statement and consolidated cash flow statement, and the comparative amount of the consolidated financial statements has been adjusted at the same time.

In the preparation of the consolidated financial statements, if the accounting policies or

accounting periods adopted by the subsidiaries are inconsistent with those adopted by the Company, necessary adjustments shall be made to the financial statements of the subsidiaries in accordance with the accounting policies and accounting periods of the Company. For subsidiaries acquired through business combination under different control, the financial statements shall be adjusted on the basis of the fair value of identifiable net assets at the date of purchase.

All significant transaction balances, transactions and unrealized profits within the Company are offset at the time of preparation of the consolidated financial statements.

The shareholders' equity and the portion of the net profit or loss of the subsidiary that is not owned by the Company for the current period are separately presented as minority shareholders' equity and minority shareholders' profit or loss in the consolidated financial statements under shareholders' equity and net profit. The shares of minority shareholders' equity in the net profits and losses of subsidiaries for the current period are shown as "minority shareholders' profits and losses" under the net profit item in the consolidated income statement. Losses shared by minority shareholders in a subsidiary exceed the minority shareholders' share in the shareholders' equity of the subsidiary at the beginning of the period, and still decrease by a number of shareholders' equity.

When the control of the original subsidiary is lost due to the disposal of part of the equity investment or other reasons, the residual equity shall be revalued according to its fair value at the date of loss of control. The sum of consideration obtained from the disposal of equity and the fair value of the remaining equity minus the difference between the shares of the net assets of the original subsidiary that shall be continuously calculated from the purchase date according to the original shareholding proportion shall be included in the investment income of the current period of loss of control. Other comprehensive income related to the equity investment of the original subsidiary, in the event of loss of control, the accounting treatment is performed on the same basis as the direct disposal of the relevant assets or liabilities by the Purchased (i.e. converted to current investment income, except for changes resulting from the re-measurement of the net liabilities or net assets of the Defined Benefit Plan in the original subsidiary). Thereafter, the residual equity shall be subsequently measured in accordance with the relevant provisions of Accounting Standards for Business Enterprises No.2-Long-term Equity Investment or Accounting Standards for Business Enterprises No.22-Recognition and Measurement of Financial Instruments, as detailed in Note III, 13-Long-term Equity Investment or Note III, 9-Financial Instruments.

If the Company disposes of the equity investment in subsidiaries step by step until it loses control through multiple transactions. It is necessary to distinguish whether the transactions that dispose of the equity investment in subsidiaries until it loses control belong to a package deal or not. The terms, conditions and economic impact of the transactions for the disposal of equity investments in

subsidiaries are in accordance with one or more of the following circumstances and generally indicate that multiple transactions should be accounted for as a package deal: ① These transactions were entered into simultaneously or taking into account each other's influence; ② Only when these transactions are taken together can a complete business result be achieved; ③ The occurrence of one transaction depends on the occurrence of at least one other transaction; ④ It is not economical to consider a transaction alone, but it is economical to consider it in conjunction with other transactions. For transactions that are not part of the package deal, each transaction shall be accounted for in accordance with the principles applicable to the "partial disposal of long-term equity investments in subsidiaries without loss of control" (as detailed in 13 of Note III) and the "loss of control over existing subsidiaries as a result of the disposal of part of the equity investments or other reasons" (as detailed in the preceding paragraph), as appropriate. If the transactions involving the disposal of equity investments in subsidiaries until the loss of control belong to a package deal, the transactions shall be accounted for as a transaction involving the disposal of subsidiaries and the loss of control; However, the difference between each disposal price and the share of the subsidiary's net assets corresponding to the disposal investment prior to the loss of control is recognized in the consolidated financial statements as other consolidated gains and transferred to the profit or loss for the current period of loss of control in the event of loss of control.

## **6. Classification of Joint Venture Arrangements and Accounting Treatment of Joint Operation**

A joint venture arrangement is an arrangement under the joint control of two or more participants. The Company divides the joint venture arrangement into joint operation and joint venture in accordance with the rights and obligations it enjoys in the joint venture arrangement. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

The Company's investment in the joint venture is accounted for using the equity method, and shall be treated in accordance with the accounting policy described in Note III, 13 "Long-term Equity Investment Accounted by the Equity Method".

The Company, as a joint venture party, recognizes the assets and liabilities held and assumed by the Company separately, and recognizes the assets and liabilities jointly held and assumed by the Company according to the shares of the Company; recognizes the revenue generated from the sale of the share of joint operating output enjoyed by the Company; recognizes revenue generated from the sale of output from joint operations on the basis of the Company's share; confirms the expenses

incurred by the Company individually and the expenses incurred by the joint operation according to the shares of the Company.

When the Company invests or sells assets as a joint venture (such assets do not constitute business, the same below), or purchases assets from the joint venture, the Company recognizes only the portion of the profits and losses attributable to the other participants in the joint venture that arises from the transaction prior to the sale of such assets to a third party. Where such assets are impaired in accordance with the provisions of *Accounting Standards for Business Enterprises No.8-Impairment of Assets*, the Company shall fully recognize such losses in the case where the assets are cast or sold by the Company to joint operations; For the assets purchased by the Company from the joint operation, the Company recognizes the losses according to the shares it assumes.

### **7. Determining Standards for Cash and Cash Equivalent**

Cash and cash equivalents of the Company include cash on hand, deposits that can be readily withdrawn on demand. Cash equivalents are investments held by the Company with a short term (usually maturing within three months from the date of purchase), high liquidity, readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### **8. Foreign Currency Business and Translation of Foreign Currency Statements**

#### (1) Translation method for foreign currency transaction

At the time of initial confirmation, the foreign currency transactions occurring in the Company shall be converted into the bookkeeping functional currency amount at the spot exchange rate on the trading day, but the foreign currency exchange business or transactions involving foreign currency exchange occurring in the Company shall be converted into the bookkeeping functional currency amount at the actual exchange rate.

#### (2) Translation method for foreign currency monetary items and foreign currency non-monetary item

On the balance sheet date, the foreign currency monetary items are converted at the spot exchange rate on the balance sheet date, and the exchange difference arising therefrom shall be: ① The exchange difference arising from the special foreign currency borrowings related to the acquisition and construction of assets eligible for capitalization shall be handled in accordance with the principle of capitalization of borrowing costs; ② The exchange difference of the hedging instruments used for effective hedging of the net investment in overseas operations (the difference is included in other comprehensive income, and is not recognized as current profit or loss until the net investment is disposed of); ③ Except for the amortized cost, the exchange differences arising from the changes in the book balance of the available-for-sale monetary items in foreign currencies shall be included in the

other comprehensive income, and shall be included in the profits and losses of the current period.

Where the preparation of the consolidated financial statements involves overseas operations, if there are foreign currency monetary items constituting net investment in overseas operations, the exchange differences arising from exchange rate changes shall be included in other comprehensive income; When disposing of overseas operations, the profits and losses shall be transferred to the current disposal period.

Non-monetary items in foreign currencies measured at historical cost shall still be measured at the bookkeeping amount in functional currency translated at the spot exchange rate on the transaction date. For non-monetary items in foreign currencies measured at fair value, the spot exchange rate at the date of fair value determination shall be adopted for conversion. The difference between the converted amount in functional currency and the amount in original functional currency shall be treated as the change in fair value (including the change in exchange rate), and shall be recorded into the profits and losses of the current period or recognized as other comprehensive income.

### (3) Translation method for financial statements in foreign currencies

Where the preparation of the consolidated financial statements involves overseas operations, if there are foreign currency monetary items constituting net investment in overseas operations, the exchange differences arising from exchange rate changes shall be as "foreign currency report conversion difference" and be confirmed as other comprehensive income; When disposing of overseas operations, the profits and losses shall be transferred to the current disposal period.

The foreign currency financial statements of overseas operations shall be converted into RMB statements in the following ways: the assets and liabilities in the balance sheet shall be converted at the spot exchange rate on the balance sheet date; Except for "undistributed profits", other items of shareholders' equity shall be converted at the spot exchange rate at the time of occurrence. The income and expense items in the profit statement shall be converted at the average exchange rate of the current period on the date of transaction. The undistributed profit at the beginning of the period shall be the undistributed profit at the end of the period converted from the previous year; The undistributed profits at the end of the year shall be calculated and listed according to the converted profits distribution items; The difference between the converted asset items and the total amount of the liability items and shareholders' equity items shall be recognized as other comprehensive income as the translation difference in the foreign currency statements. In case of disposal of overseas operations and loss of control, the balance in translation of the foreign currency statements related to the overseas operations as shown below in the shareholders' equity items in the balance sheet shall be transferred to the profits and losses of the disposal period in whole or in proportion to the disposal of the overseas operations.

Cash flows in foreign currencies and cash flows of overseas subsidiaries shall be converted at the average exchange rate of the current period on the date of occurrence of the cash flows. The effect of exchange rate changes on cash shall be presented separately in the statement of cash flows as an reconciling item.

Opening amounts and prior-period actual amounts shall be shown on the basis of amounts translated from the prior-period financial statements.

When disposing of all the owner's equity of the Company's overseas operations or losing the control over overseas operations due to the disposal of part of the equity investment or for other reasons, if the following items of shareholders' equity in the balance sheet are shown below, the balance in translation of the foreign currency statement attributable to the owner's equity of the parent company related to the overseas operation shall be transferred to the profits and losses of the current disposal period.

In the event that the proportion of overseas business interests is reduced due to the disposal of part of the equity investment or for other reasons, but the control over overseas business operations is not lost, the balance in the translation of the foreign currency statements related to the disposal of part of overseas business operations shall be attributed to minority shareholders' interests and shall not be transferred to the profits and losses of the current period. When disposing of part of the equity of an overseas operation as an associated enterprise or a joint venture, the balance of the translation of the foreign currency statements related to the overseas operation shall be transferred into the profits and losses of the current disposal period in the proportion of the overseas operation disposed of.

## **9. Financial instruments**

Financial instruments are the contracts that form the financial assets of one entity, and at the same time form the financial liabilities or equity instruments of other entities.

### **(1) Classification, confirmation and measurement of financial assets**

According to the business mode of managing financial assets and the contractual cash flow characteristics of financial assets, the Company divides financial assets into: Financial assets measured at amortized cost. Financial assets measured at fair value with changes included in other comprehensive income. Financial assets that are measured at fair value and whose movements are included in the current profits and losses.

Financial assets are measured at fair value at initial recognition. For financial assets measured at fair value and whose changes are included in current profits and losses, relevant transaction costs are directly included in current profits and losses. For other types of financial assets, relevant transaction costs are included in the initial recognition amount. Accounts receivable or notes receivable arising

from the sale of products or the provision of labor services that do not contain or take into account significant financing components shall be initially recognized by the Company in accordance with the amount of consideration that the Company is expected to be entitled to receive.

① Financial assets measured at amortized cost

The Group measures financial assets at amortised cost if both of the following conditions are met : the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, that is, the cash flow generated on a specific date is only the payment of principal and interest based on the unpaid principal amount. For such financial assets, the Company adopts the effective interest rate method and carries out subsequent measurement according to amortized cost. The profits or losses arising from amortization or impairment are included into the current profits and losses.

② Financial assets measured at fair value with changes included in other comprehensive income

The Group measures financial assets at fair value through other comprehensive income if both of the following conditions are met: the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income of such financial assets is recognised based on effective interest method. The Company measures these financial assets at fair value and their changes are included in other comprehensive income, but impairment loss or gain, exchange gain or loss and interest income calculated according to the effective interest rate method are included into the current profit and loss.

In addition, the Company designates some non tradable equity instrument investments as financial assets measured at fair value with changes included in other comprehensive income. The Company shall record the relevant dividend income of such financial assets into the current profits and losses, and the change of fair value into other comprehensive income. When the financial asset is derecognized, the accumulated gains or losses previously included in other comprehensive income will be transferred from other comprehensive income to retained income and will not be included in current profits and losses.

③ Fair value through Profit and Loss Financial assets

The Company classifies the above financial assets measured at amortized cost and financial



assets measured at fair value with changes included in other comprehensive income into financial assets measured at fair value with changes included in current profits and losses. In addition, during initial recognition, in order to eliminate or significantly reduce accounting mismatch, the Company designated part of financial assets as financial assets measured at fair value with changes included in current profit and loss. For such financial assets, the Company adopts fair value for subsequent measurement, and the changes in fair value are included into the current profit and loss.

## (2) Classification, recognition and measurement of financial liabilities

Financial liabilities upon initial recognition are classified as financial liabilities which are measured at fair value and whose changes are included in current profits and losses and other financial liabilities. For the financial liabilities measured at fair value with the changes included into the current profits and losses, the relevant transaction costs are directly included into the current profits and losses, and the relevant transaction costs of other financial liabilities are included in the initial recognition amount.

### ① Financial liabilities at fair value through profit or loss

Financial liabilities measured at fair value with changes included in current profits and losses, which include transactional financial liabilities (including derivatives belonging to financial liabilities) and financial liabilities designated to be measured at fair value with changes included in current profits and losses at initial recognition.

Trading financial liabilities (including derivatives belonging to financial liabilities) are subsequently measured according to their fair values. Except for those related to hedge accounting, changes in fair values are included in current profits and losses.

Financial liabilities designated to be measured at fair value with changes included in current profits and losses. Changes in the fair value of this liability caused by changes in the Company's own credit risk are included in other comprehensive income. When the liability is derecognized, the accumulated change in fair value caused by changes in its own credit risk included in other comprehensive income is transferred to retained earnings. Changes in fair value are accounted into current profits and losses. If the above-mentioned treatment of the impact of changes in the credit risk of these financial liabilities will cause or expand accounting mismatch in profits and losses, the Company will include all profits or losses of the financial liabilities (including the impact amount of changes in the credit risk of the enterprise itself) into the current profits and losses.

### ② Other financial liabilities

Except for financial liabilities and financial guarantee contracts formed by the transfer of financial assets that do not meet the conditions for termination of recognition or continue to be involved in the transferred financial assets, other financial liabilities are classified as financial liabilities measured at amortized cost and subsequently measured at amortized cost. Gains or losses

arising from termination of recognition or amortization are included in current profits and losses.

### (3) Basis of Confirmation and Calculation of financial instruments

Financial assets shall be derecognized if they meet one of the following conditions: ① The termination of the contractual right to receive cash flow from the financial asset. ② The financial asset has been transferred, and almost all risks and rewards related to the ownership of the financial asset have been transferred to the transferee. ③ The financial asset has been transferred. Although the enterprise has neither transferred nor retained almost all risks and rewards in the ownership of the financial asset, it has given up its control over the financial asset.

If the enterprise neither transfers nor retains almost all the risks and rewards of the ownership of the financial assets, and does not give up the control over the financial assets, the relevant financial assets shall be recognized according to the extent of continuous involvement in the transferred financial assets, and the relevant liabilities shall be recognized accordingly. The degree of continuous involvement in the transferred financial assets refers to the risk level faced by the enterprise due to the change in the value of the financial assets.

If the overall transfer of financial assets meets the conditions for termination of recognition, the difference between the book value of the transferred financial assets and the sum of the consideration received due to the transfer and the accumulated amount of changes in fair value originally included in other comprehensive income shall be included into the current profits and losses.

If the partial transfer of financial assets meets the conditions for termination of recognition, the book value of the transferred financial assets shall be apportioned according to its relative fair value between the derecognized part and the non derecognized part, and the difference between the sum of the consideration received due to the transfer and the accumulated change in fair value originally included in other comprehensive income that shall be apportioned to the derecognized part and the allocated aforesaid book amount shall be included into the current profits and losses.

For financial assets sold by the Company with recourse, or for endorsement and transfer of held financial assets, it is necessary to determine whether almost all risks and rewards in the ownership of the financial assets have been transferred. If almost all risks and rewards in the ownership of the financial asset have been transferred to the transferee, the recognition of the financial asset shall be terminated. If almost all risks and rewards on the ownership of a financial asset are retained, the recognition of the financial asset shall not be terminated. If almost all risks and rewards related to the ownership of financial assets have not been transferred or retained, it shall continue to judge whether the enterprise retains control over the assets and carry out accounting treatment according to the principles mentioned in the preceding paragraphs.

### (4) Termination of recognition of financial liabilities

If the current obligation of the financial liability (or part thereof) has been relieved, the Company terminates the recognition of the financial liability (or part thereof). The Company (the borrower) and the lender sign an agreement to replace the original financial liabilities by assuming new financial liabilities. If the contract terms of the new financial liabilities and the original financial liabilities are substantially different, the original financial liabilities shall be derecognized and a new financial liability shall be recognized at the same time. If the Company makes any substantial modification to the contract terms of the original financial liability (or part thereof), the original financial liability shall be derecognized and a new financial liability shall be recognized in accordance with the modified terms.

If financial liabilities (or part thereof) are derecognized, the Company shall include the difference between its book value and the consideration paid (including transferred non-cash assets or liabilities assumed) into the current profits and losses.

#### (5) Offset of financial assets and financial liabilities

When the Company has the legal right to offset the recognized amount of financial assets and financial liabilities, and such legal right is currently enforceable, and the Company plans to settle the financial assets on a net basis or realize the financial assets and settle the financial liabilities at the same time, the financial assets and financial liabilities are listed in the balance sheet at a net amount after mutual offset. In addition, financial assets and financial liabilities shall be listed separately in the balance sheet and shall not be offset against each other.

#### (6) The fair value determination method of financial assets and financial liabilities

Fair value refers to the price that market participants can receive from selling an asset or pay to transfer a liability in an orderly transaction on the measurement date. Where there is an active market for financial instruments, the Company adopts quotations in the active market to determine their fair values. Quoted price in active market refers to the price easily obtained from exchanges, brokers, industry associations, pricing service agencies, etc. on a regular basis, and represents the price of market transactions actually occurred in fair trading. If there is no active market for financial instruments, the Company uses evaluation techniques to determine their fair values. Evaluation techniques include reference to prices used in recent market transactions by parties familiar with the situation and willing to trade, reference to current fair values of other financial instruments that are substantially the same, discounting cash flow technique, option pricing model, etc. In valuation, the Company adopts valuation techniques that are applicable under current circumstances and are supported by sufficient available data and other information, selects input values that are consistent with the characteristics of assets or liabilities considered by market participants in transactions related to assets or liabilities, and gives priority to the use of relevant observable input values as

much as possible. If the relevant observable input value cannot be obtained or it is not impracticable to obtain it, the non-input value shall be used.

#### (7) Equity instruments

Equity instruments refer to contracts that can prove ownership of the Company's residual equity in assets after deducting all liabilities. The issuance (including refinancing), repurchase, sale or cancellation of equity instruments by the Company are treated as changes in equity, and transaction costs related to equity transactions are deducted from equity. The Company does not recognize changes in the fair value of equity instruments.

Dividends (including "interest" generated by instruments classified as equity instruments) distributed by the Company's equity instruments during their existence shall be treated as profit distribution.

### **10. Impairment of financial assets**

The financial assets of the Company that need to confirm the impairment loss are financial assets measured at amortized cost and debt instrument investment measured at fair value with changes included in other comprehensive income, mainly including notes receivable, accounts receivable, other receivables, debt investment, other debt investment, long-term receivables, etc. In addition, for some financial guarantee contracts, impairment reserves and credit impairment losses are also accrued in accordance with the accounting policies described in this part.

#### (1) Recognition method of impairment provision

On the basis of expected credit losses, the Company sets aside impairment reserves and recognizes credit impairment losses for the above items according to the applicable expected credit loss measurement method (general method or simplified method).

Credit loss refers to the difference between all contractual cash flows receivable according to the contract and all cash flows expected to be collected by the Company discounted according to the original actual interest rate, i.e. the present value of all cash shortages. Among them, for the financial assets that have been purchased or incurred credit impairment, the Company discounts them according to the actual interest rate adjusted by credit.

The general method of measuring expected credit loss refers to the Company's assessment of whether the credit risk of financial assets has increased significantly since the initial recognition on each balance sheet date. If the credit risk has increased significantly since the initial recognition, the Company will measure the loss reserve by an amount equivalent to the expected credit loss during the entire period. If the credit risk has not increased significantly since the initial recognition, the Company will measure the loss reserve according to the amount equivalent to the expected credit

loss in the next 12 months. In assessing the expected credit loss, the Company takes into account all reasonable and evidence-based information, including forward-looking information.

For financial instruments with low credit risk on the balance sheet date, the Company measures the loss reserve based on the expected credit loss amount within the next 12 months or the entire duration according to whether the credit risk has increased significantly since the initial recognition.

(2) Criteria for judging whether credit risk has increased significantly since initial recognition

If the default probability of a certain financial asset in the expected duration determined at the balance sheet date is significantly higher than the default probability in the expected duration determined at the time of initial recognition, it indicates that the credit risk of the financial asset is significantly increased. Except for special circumstances, the Company uses the change of default risk in the next 12 months as a reasonable estimate of the change of default risk in the entire duration to determine whether the credit risk has increased significantly since the initial recognition.

Generally, if the overdue period is more than 90 days, the Company will consider that the credit risk of the financial instrument has increased significantly, unless there is conclusive evidence that the credit risk of the financial instrument has not increased significantly since the initial recognition.

The Company will consider the following factors when evaluating whether the credit risk has increased significantly

- 1) Whether there is any significant change in the actual or expected operating results of the debtor;
- 2) Whether there is any significant adverse change in the regulatory, economic or technological environment of the debtor;
- 3) Whether there is any significant change in the value of the collateral or the quality of the guarantee or credit enhancement provided by the third party, which are expected to reduce the economic motivation of the debtor's repayment according to the time limit stipulated in the contract or affect the probability of default;
- 4) Whether there is any significant change in the expected performance and repayment behavior of the debtor;
- 5) Whether there is any significant change in the Company's credit management methods for financial instruments, etc.

On the balance sheet date, if the Company judges that the financial instrument has only low credit risk, the Company assumes that the credit risk of the financial instrument has not increased significantly since the initial recognition. If the default risk of a financial instrument is low, the borrower's ability to perform its contractual cash flow obligations in a short period of time is strong, and even if there are adverse changes in the economic situation and operating environment for a long period of time, it may not necessarily reduce the borrower's ability to perform its contractual cash obligations, then the financial instrument is considered to have low credit risk.

(3) Judgment criteria for financial assets with credit impairment:

When one or more events have an adverse impact on the expected future cash flow of a financial asset, the financial asset becomes a financial asset with credit impairment. The evidence of credit impairment of financial assets includes the following observable information:

- 1) The issuer or debtor has major financial difficulties;
- 2) The debtor violates the contract, such as default or overdue payment of interest or principal, etc.;
- 3) The creditor gives concessions that the debtor will not make under any other circumstances due to economic or contractual considerations related to the debtor's financial difficulties;
- 4) The debtor is likely to go bankrupt or undergo other financial restructuring;
- 5) The active market of the financial assets disappears due to the financial difficulties of the issuer or the debtor;
- 6) Purchase or generate a financial asset at a substantial discount, which reflects the fact that credit losses have occurred.

Credit impairment of financial assets may be caused by the combined action of multiple events, but may not be caused by separately identifiable events.

(4) Portfolio approach to evaluate expected credit risk based on portfolio

The Company evaluates credit risks for financial assets with significantly different credit risks, such as: Accounts receivable with related parties. Receivables in dispute with the other party or involving litigation or arbitration. Receivables with obvious signs that the debtor is likely to be unable to perform the repayment obligation.

In addition to the financial assets with individual credit risk assessment, the Company divides the financial assets into different groups based on the common risk characteristics. The common credit risk characteristics adopted by the Company include: Credit risk shall be assessed on the basis of the aging portfolio, the receivables portfolio between the final controlling party and its subordinate units, the public maintenance fund and house selling fund portfolio deposited in the housing provident fund management center, the deposit/margin portfolio, and the petty cash ledger portfolio formed by the employee loan of the unit.

(5) Accounting treatment method for impairment of financial assets

At the end of the period, the Company calculates the estimated credit losses of various financial assets. If the estimated credit losses are greater than the book amount of its current impairment reserve, the difference is recognized as impairment loss. If it is less than the carrying amount of the current impairment reserve, the difference is recognized as impairment gain.

(6) Methods for determining the credit loss of various financial assets

① Notes receivable

The Company measures the loss reserve for bills receivable according to the expected credit loss amount equivalent to the entire duration. Based on the credit risk characteristics of bills receivable, they are divided into different portfolios:

Item	Basis for determining portfolio
Bank acceptance bills	The acceptor is a bank with less credit risk
Commercial acceptance bill	According to the acceptor's credit risk classification, it should be the same as the "receivable" portfolio classification.

③ Accounts receivable and other receivables

For receivables that do not contain significant financing components, the Company measures the loss reserve according to the expected credit loss amount equivalent to the entire duration.

For receivables that contain significant financing components, the Company measures the loss reserve based on whether the credit risk has increased significantly since the initial recognition, using the amount of expected credit loss within the next 12 months or the entire duration.

According to whether the credit risk of other receivables has increased significantly since the initial recognition, the Company measures impairment loss with an amount equivalent to the expected credit loss within the next 12 months or the entire duration.

In addition to the accounts receivable and other receivables that individually assess credit risk, they are divided into different portfolios based on their credit risk characteristics:

Item	Basis for determining portfolio
------	---------------------------------

Item	Basis for determining portfolio
Portfolio 1	Aging portfolio
Portfolio 2	A portfolio of receivables between the ultimate controller and its subordinate units
Portfolio 3	The portfolio of public maintenance funds and house sales funds deposited in the housing provident fund management center
Portfolio 4	Deposit/margin portfolio
Portfolio 5	The portfolio of reserve fund ledger formed by the Company's staff loan

The accrual method of bad debt reserves for different portfolios:

Item	Accrual method
Aging portfolio	According to the accrual proportion corresponding to the aging period
Portfolio of receivables between the ultimate controlling party and its subordinate units	Referring to the historical credit loss experience, combined with the current situation and the forecast of future economic conditions, the expected credit loss is calculated through the default risk exposure and the expected credit loss rate within the next 12 months or the entire duration, and the expected credit loss rate of the portfolio is zero.
The portfolio of public maintenance funds and house sales funds deposited into the MPF Management Center	
Deposit/margin portfolio	
The portfolio of reserve fund ledger formed by the Company's staff loan.	

a. In portfolio, the portfolio method of withdrawing bad debt reserves by aging analysis

Aging	Expected loss rate of notes receivable (%)	Expected loss rate of accounts receivable (%)	Expected loss rate of other receivables (%)
Within 1 year (including 1 year, the same below)			
Among them: Within the credit period (within 3 months)	0	0	0
Credit period~1 year	2	2	2
1-2 years	5	5	5
2-3years	20	20	20
3-4years	50	50	50
4-5years	80	80	80
More than 5 years	100	100	100

b. In the portfolio, the description of the accrual method for accrual of bad debt reserves by other methods is given.



Aging	Expected loss rate of notes receivable (%)	Expected loss rate of accounts receivable (%)	Expected loss rate of other receivables (%)
Accounts receivable between the final controlling party and its subordinate	0	0	0
Public maintenance fund and house sale fund deposited into MPF Management Center	0	0	0
Deposit/margin	0	0	0
The reserve fund ledger formed by the Company's staff loan.	0	0	0

## 11. Inventory

### (1) Classification of inventory

Inventories mainly include raw materials, work in progress, finished goods, in transit materials inventory goods, reserve tanker storage commissioned processing, and manufacturing consignment, etc..

### (2) Valuation method for obtaining and issuing inventory

Inventories are initially measured at cost. Inventory costs include purchase costs, processing costs and other expenditures. The actual cost of inventories upon delivery is calculated using the weighted average method.

### (3) Confirmation of net realizable value of inventories and method of accrual of falling price reserve

Net Realizable Value refers to the amount of estimated selling price of inventories minus the estimated cost till completion, estimated expenses for selling activity and related taxes and fees in daily activities. When determining the net realizable value of inventories, solid evidence obtained shall be the basis, and the purpose of holding the inventories and the impact of events after the balance sheet date shall be considered.

On the balance sheet date, inventories shall be measured at lower of cost and net realizable value. When the net realizable value is lower than the cost, the provision for inventory devaluation shall be accrued. The provision for inventory devaluation shall be accrued based on the difference between the cost of a single inventory item and its net realizable value. The provision for inventory devaluation of a large number of inventories with low unit prices shall be based on the type of inventory; for inventories related to the product range produced and sold in same region, having the same or similar end use or purpose, and difficult to be separated from other items for measurement, their provision for inventory devaluation can be combined and accrued.

After the provision for inventory devaluation is accrued, if the factors cause the previous written-down inventory value have disappeared, and the situation results in the fact that the net realizable value of the inventories higher than the book value, the amount of the provision for inventory devaluation that has been accrued shall be reversed and included in the current period profit or loss.

(4) The Company adopts perpetual inventory system as its inventory system.

(5) Amortization method of low-value consumables and packaging materials

Low-value consumables are amortized by one-off amortization method when they are received; packaging materials are amortized by one-off amortization method when they are received.

## **12. Held-for-sale assets and disposal group**

A non-current asset or disposal group is classified as held for sale when its carrying amount will be recovered principally through a sale transaction rather than through continuous use. The following conditions need to be simultaneously met to be classified as held for sale: a non-current asset or to-be-disposed portfolio can be sold immediately under the current conditions based on the practice of selling such asset or to-be-disposed portfolio in similar transactions; the Company has already decided on the sale plan and obtained confirmed purchase commitment; the sale is scheduled to be completed within one year. Among them, a Disposal Portfolio refers to a group of assets that will be disposed of as a whole through sale or other approaches in a transaction, and the liabilities directly associated with these assets transferred along with the assets in transaction. If the portfolio of assets or group of portfolios of assets is allocated goodwill acquired in business merger in accordance with *Accounting Standards for Business Enterprises No. 8 - Asset Impairment*, the Disposal Portfolio shall include the goodwill allocated to it.

In the event that the book value of a non-current asset or to-be-disposed portfolio that has been designated as held-for-sale category is higher than the net amount of fair value less sales expenses when the non-current asset or to-be-disposed portfolio is initially measured or measured on the balance sheet date, the book value shall be to the net amount of fair value minus sales expenses, and the written-down amount shall be recognized as asset impairment loss and included in current period profit or loss. The provision for impairment loss of the held-for-sale asset shall be accrued. For a Disposal Portfolio, the confirmed impairment loss shall deduct the book value of the goodwill in the Disposal Portfolio, then deduct the book value of the non-current assets determined by the measurement on a pro-rata basis in accordance with the applicable *Accounting Standards for Business Enterprises No. 42 held-for-sale non-current assets, Disposal Portfolio and Termination of Operations* (hereinafter referred to as the “Guide for Held-For-Sale”). In the event of an increase of

the book value of the held-for-sale Disposal Portfolio minus sales expenses on the subsequent the balance sheet date, the amount previously written down shall be recovered and be reversed within the amount of the asset impairment loss recognized in the non-current assets measured by the measurement “Guide for Held-For-Sale” after being classified as held for sale asset, the reversal amount shall be included in the current period profit or loss, and the book value of all non-current assets (except for goodwill) determined by the measurement on a pro-rata basis in accordance with the applicable “Guide for Held-For-Sale” shall be increased on a pro-rata basis. The book value of the goodwill that has been deducted and the impairment loss of the assets recognized before the classification of the held-for-sale non-current assets in accordance with the applicable “Guide for Held-For-Sale” shall not be reversed.

In terms of the held-for-sale non-current assets or non-current assets in Disposal Portfolio, there is no accrual or amortization for depreciation, and the interest from and other expenses from the liabilities in held-for-sale Disposal Portfolio shall still be recognized.

When a non-current asset or Disposal Portfolio no longer meets the conditions for Held-For-Sale category, non-current asset or Disposal Portfolio will no longer be classified as Held-For-Sale category by the Company or the non-current asset will be removed from the Held-For-Sale Disposal Portfolio, and be measured based on one of the following two values, whichever is lower: (1) The book value before being classified as held-for-sale category adjusted based on the depreciation, amortization or impairment that should have been confirmed if it is not classified as held-for-sale category; (2) recoverable amount.

### **13. Long-term equity investment**

The long-term equity investment refers to in this part refers to the long-term equity investment that the Company has control, joint control or significant influence on the invested entity. The long-term equity investment of the Company that does not have control, joint control or significant impact on the investee shall be accounted as a financial asset measured at fair value with its changes included into the current profits and losses. Among them, if it is non-transactional, the Company may choose to designate it as a financial asset measured at fair value and its changes are included in the accounting of other comprehensive income at the time of initial recognition. For details of its accounting policies, please refer to Note III, 9 “Financial Instruments”.

Joint control refers to the control that the Company shares with other party/parties for an arrangement in accordance with relevant agreements, and relevant activities of the arrangement can only be decided based on the consensus of all parties sharing the control rights before making a decision. Significant Influence refers to power of the Company to participate in the decision-making of the financial and operating policies of the investee, but the Company cannot control or jointly

control the development of these policies with other parties.

(1) Determination of investment cost

For a long-term equity investment obtained from a combination of businesses under the same control, the apportioned share of the book value in the final controller's consolidated financial statements on the combination date in accordance with the shareholders' equity shall be the initial investment cost of the long-term equity investment. The capital reserve shall be adjusted subject to the difference between the initial investment cost of the long-term equity investment and the cash paid, the non-cash assets transferred, and the book value of the debts assumed; if the capital reserve is insufficient for offsetting, the retained earnings shall be adjusted. Where the equity securities are issued as merger consideration, the apportioned share of the book value in the final controller's consolidated financial statements on the combination date in accordance with the shareholders' equity shall be the initial investment cost of the long-term equity investment, and the total par value of the issued shares is taken as the share capital. The capital reserve shall be adjusted subject to the difference between the initial investment cost of the long-term equity investment and the total par value of the shares issued; if the capital reserve is insufficient for offsetting, the retained earnings shall be adjusted. Where the equity of combined parties under the same control is obtained through multiple transactions and a business combination under the same control is formed finally, it shall be treated differentially based on whether it is a "package deal": if it belongs to a "package deal", all transactions will be treated as a transaction that obtains control. If it is not a "package deal", the apportioned share of the book value in the final controller's consolidated financial statements on the combination date in accordance with the shareholders' equity shall be the initial investment cost of the long-term equity investment. The capital reserve shall be adjusted subject to the difference between the initial investment cost of the long-term equity investment and the sum of the book value of long-term equity investment before combination date and the book value of the new consideration for the new share on the combination date. If the capital reserve is insufficient for offsetting, the retained earnings shall be adjusted. The equity investments that are held prior to the combination date and are recognized with equity recognized or as available-for-sale financial asset as other comprehensive income will not be given accounting treatment for the moment.

For a long-term equity investment obtained from a combination of businesses not under the same control, the initial investment cost of the long-term equity investment shall be based on the combination cost on the purchase date. The combination cost includes the assets paid by purchaser, the liabilities incurred or assumed, and the sum of the fair value of issued equity securities. Where the equity of combined parties not under the same control is obtained through multiple transactions and a business combination under the same control is formed finally, it shall be treated differentially

based on whether it is a “package deal”: if it belongs to a “package deal”, all transactions will be treated as a transaction that obtains control. If it is not a “package deal”, the initial investment cost of the long-term equity investment calculated by the cost method shall be calculated based on the sum of the book value of the equity investment in the original holder and the new investment cost. The original share holding that measured using equity method, the relevant other comprehensive income does temporarily not conduct accounting treatment.

Intermediary expenses such as for auditing, legal services, assessment and other related expenses incurred by a combining party or a purchaser for business combination shall be recognized in current period profit or loss when incurred.

The equity investments other than formed by business combination shall be initially measured at cost. The cost will be determined based on the following amount according to different methods of the acquisition of long-term equity investment: the purchase price in cash actually paid by the Company; the fair value of the equity securities issued by the Company, the value agreed in relevant investment contract or agreement; the fair value or original book value of the assets exchanged in non-monetary asset exchange transaction; the fair value of the long-term equity investment itself. Any expenses, taxes and other necessary expenses directly related to the acquisition of long-term equity investments shall also be included in the cost of investment. The cost of long-term equity investment for the additional investment that can exert significant influence on investee or implement joint control but does not constitute control shall be the sum of the fair value of the originally held equity investment recognized in accordance with the *Accounting Standards for Business Enterprises No.. 22 – Recognition and Measurement of Financial Instruments* and the cost for new investment.

#### (2) Follow-up measurement and confirmation methods for profit and loss

The Equity Method shall be used to account for long-term equity investments that have joint control over the invested entity (except for those constituting joint operators) or have significant impact on the invested entity. In addition, the company's financial statements use the Cost Method to account for long-term equity investments, which can control the long-term equity investment of the investee.

##### a. Long-term equity investment based on Cost Method

When accounting with Cost Method, long-term equity investment is priced at the initial investment cost, and the cost of the long-term equity investment is adjusted by adding or recovering the investment. Except for the actual payment at the time of obtaining investment or the cash dividends or profits included in the consideration but not yet issued, the current investment income shall be recognized according to the cash dividends or profits declared by the investee.

b. Long-term equity investment accounted for by Equity Method

When accounting with Equity Method, if the initial investment cost of a long-term equity investment is greater than the fair value share of the identifiable net assets of the investee when investing, and the initial investment cost of the long-term equity investment shall not be adjusted; if the initial investment cost is less than the fair value share of the identifiable net assets of the investee when investing, the difference shall be included in the current profit and loss, and the cost of the long-term equity investment shall be adjusted

When accounting with Equity Method, the investment income and other comprehensive income are recognized separately according to the shares of the net profit or loss and other comprehensive income that should be enjoyed or shared, and the book value of the long-term equity investment should be adjusted at the same time. The book value of long-term equity investment is reduced accordingly by calculating the share that should be enjoyed according to the profit or cash dividend declared by the investee. The book value of long-term equity investment shall be adjusted and included in the capital reserve for other changes in the owner's rights and interests of the invested entity other than the net profit and loss, other comprehensive income and profit distribution. When confirming the share of the net profit and loss of the investee, the net profit of the investee shall be adjusted and confirmed on the basis of the fair value of the identifiable assets of the investee at the time of investment. If the accounting policies and periods adopted by the invested entity are inconsistent with the Company, the financial statements of the invested entity shall be adjusted in accordance with the accounting policies and periods of the Company, and the investment income and other comprehensive income shall be confirmed accordingly. For the transactions between the Company and the associates and joint ventures, the assets invested or sold do not constitute a business, and the unrealized gains and losses from internal transactions are offset against the portion of the Company that is attributable to the proportion of the shares, on this basis. investment profit and loss should be confirmed. However, the unrealized internal transaction losses incurred by the Company and the investee are not included in the impairment losses of the transferred assets. Where the assets invested by the Company into a joint venture or an associates constitute a business, if the investor obtains long-term equity investment but does not control, the fair value of the invested business shall be deemed as the initial investment cost of the new long-term equity investment, and the difference between the initial investment cost and the book value of the invested business is fully recognized in the current profits and losses. If the assets sold by the Company to a joint venture or an associate that constitute a business, the difference between the consideration value obtained and the book value of the business shall be fully recognized in the profits and losses of the current period.

When confirming the net loss that incurred by the investee should be shared, the book value of

the long-term equity investment and other long-term equity that substantially constitutes the net investment of the investee are reduced to zero. In addition, if the Company has an obligation to bear additional losses to the investee, the estimated liabilities shall be recognized according to the estimated obligations and included in the current investment losses. If the investee achieves net profit in the following period, the Company shall resume recognizing the share of income after making up for the unrecognized share of loss.

For the long-term equity investment in the joint ventures and associates held by the Company for the first time before the implementation of the new accounting standards, if there is a debit balance of equity investments related to the investment, the current profits and losses shall be accounted for by the straight-line amortization of the original remaining period.

#### c. Acquisition of Minority Equity

In the preparation of the consolidated financial statements, if the difference between the long-term equity investment added by purchasing minority shares and the net assets share that should be continuously calculated by the subsidiary company from the purchase date (or the consolidation date) is calculated according to the proportion of newly added shares, the retained earnings shall be adjusted; and if the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

#### d. Disposal of long-term equity investment

In the consolidated financial statements, the parent company partially disposes of the long-term equity investment of the subsidiary without losing control, the difference of the corresponding net assets in the subsidiary between the disposal price and the disposal of the long-term equity investment is included in the shareholders' equity. It shall be treated in accordance with the relevant accounting policies described in "Notes on the preparation of consolidated financial statements" in Note III.5 .

For the disposal of long-term equity investment in other cases, the difference between the book value of the disposed equity and the actual acquisition price shall be included in the current profits and losses.

If the long-term equity investment is accounted for by equity method, the remaining equity after disposal is still accounted for by equity method, when disposing, the other comprehensive income which were originally included in shareholder's rights and interests shall be accounted for on the same basis as the assets or liabilities directly disposed of by the investee. The owner's equity recognized as a result of changes in the owner's equity of the investee other than net profit or loss, other comprehensive income and profit distribution, it should be carried forward to the current profit and loss

For the long-term equity investment accounted by Cost Method, the remaining equity is still

accounted by Cost Method after disposal, other comprehensive income that recognized by equity method accounting or financial instrument recognition and measurement criteria accounting before obtaining control over the investee shall be accounted for on the same basis as the assets or liabilities directly disposed of by the investee, and shall be settled to the current profit and loss in proportion. Changes of the net assets of investee in the owner's equity other than net profit or loss, other comprehensive income and profit distribution 's that recognized by equity method shall be settled to the current profit and loss in proportion.

Where the Company loses control over the investee due to disposal of part of its equity investment, when preparing individual financial statements, if the remaining equity after disposal can exercise joint control or exert significant influence on the investee, it shall be accounted for by equity method instead, and the remaining equity shall be adjusted by accounting by equity method when it is deemed to be acquired. If the remaining equity after disposal cannot be jointly controlled or exerts significant influence on the investee, it shall be accounted for according to the relevant provisions of the financial instrument recognition and measurement criteria, and the difference between the fair value and the book value on the date of loss of control. It is included in the current profit and loss. Before the Company obtains control over the investee, other comprehensive income recognized by equity method accounting or financial instrument recognition and measurement criteria is used to directly dispose of the relevant assets with the investee, accounting treatment based on the same basis as the investee directly disposes of related assets or liabilities when the control of the investee is lost, Accounting is treated on the same basis as the liabilities. Changes in the owner's equity other than net profit or loss, other comprehensive income and profit distribution of the investee's net assets recognized by the equity method are carried forward to the current profit or loss when the control of the investee is lost. Among them, the remaining equity after disposal is accounted for using the equity method. Where the remaining equity after disposal is accounted for by equity method, other comprehensive income and other owner's equity should be settled by proportion. If the remaining equity is accounted for using financial instrument recognition and measurement standard, all of other comprehensive income and other shareholder's equity should be settled.

If the Company loses its joint control or significant influence on the investee due to the disposal of part of the equity investment, the remaining equity after disposal shall be accounted for according to the financial instrument recognition and measurement criteria, and the difference between the fair value and the book value on the date of loss of joint control or significant influence is recognised in the current profit or loss. The other comprehensive income recognized in the original equity investment by the equity method is accounted for on the same basis as the investee's direct disposal of related assets or liabilities when the equity method is terminated, Owner's equity recognized as a



result of changes in other owners' equity other than net profit or loss, other comprehensive income and profit distribution of the investee should be transferred to current investment income when terminating the equity method

The Company disposes of the equity investment in the subsidiaries step by step through multiple transactions until the loss of control. If the above-mentioned transactions are part of a package transaction, the transactions are treated as a transaction dealing with the equity investment of the subsidiary and losing control. The difference between the book value of each long-term equity investment corresponding to the disposal price and the disposal of the equity before loss of control is first recognized as other comprehensive income, and when the control is lost, it is transferred to the current profit and loss of loss of control.

#### **14. Investment Property**

Investment Property refers to property held for the purpose of earning rent or capital appreciation, or both, including land use rights that have been leased, land use rights that are held and prepared for transfer after appreciation, and buildings that have been rented. Investment property is initially measured at cost. The expenses related to investment property, if the economic benefits related to this asset are highly probable to flow into the company and the cost can be measured reliably, then the expense will account for as the cost of investment property. Other expenses are accounted for in profit and loss when incurred.

The Company adopts the cost model to conduct subsequent measurement of investment property and depreciation or amortization according to the policy consistent with the building or land use rights.

For details of the impairment test method and impairment provision method of property, please refer to Note III. 20 “Long-Term Asset Impairment”.

When the self-use property or inventory is converted into investment property or investment property is converted into self-use property, the book value before conversion is used as the recorded value after conversion.

When the use of investment property is changed to self-use, the investment property is converted into fixed assets or intangible assets from the date of change. When the use of self-use property changes to earn rent or capital appreciation, the fixed assets or intangible assets are converted into investment property from the date of change. In the case of investment property measured by the cost model when the conversion occurs, the book value before conversion is used as the entry value after conversion; if it is converted into investment property measured by the fair value model, the fair value of the conversion date is used as the entry value after conversion.

When an investment real estate is disposed of, or permanently withdrawn from use and is not

expected to obtain economic benefits from its disposal, the confirmation of the investment real estate shall be terminated. Disposal income from the sale, transfer, retirement or damage of investment properties is charged to the current profit and loss after deducting its book value and related taxes and fees.

## 15. Fixed Assets

### (1) Confirmation conditions for fixed assets

Fixed Assets refer to tangible assets held for the purpose of producing goods, providing labor services, renting or operating management, and having a service life of more than one fiscal year. Fixed assets are recognized only when the economic benefits associated with them are likely to flow into the Company and their costs can be reliably measured. Fixed assets are initially measured at cost and taking into account the impact of projected abandonment costs.

### (2) Depreciation methods for various types of fixed assets

Fixed assets are depreciated over their useful lives using the straight-line method from the month following the scheduled availability. The depreciation period, estimated net residual value rate and annual depreciation rate of each category of fixed assets are as follows:

Category	Depreciation Method	Depreciation period (Year)	Net residual rate(%)	Annual depreciation rate (%)
Buildings	straight-line depreciation	8-50	5	1.90— 11.88
Electronic equipment	straight-line depreciation	3-10	4、 5	9.50—32.00
Machinery equipment	straight-line depreciation	5-28	4、 5	3.39—19.20
Transport facility	straight-line depreciation	5-10	4、 5	9.50—19.20
Office equipment	straight-line depreciation	3-10	4、 5	9.50—32.00
Other equipment	straight-line depreciation	5-28	4、 5	3.39—19.20

The estimated net residual value refers to the expected state after the estimated useful life of the fixed assets has expired and is at the end of its useful life. The amount currently obtained by the Company from the disposal of the assets after deducting the estimated disposal expenses.

### (3) Impairment test method and Impairment provision method for fixed assets

For details of Impairment test method and impairment provision method for fixed assets, please refer to Note III. 21 “Long-Term Asset Impairment”.

#### (4) Recognition basis and valuation method of fixed assets acquired by finance lease

A finance lease is a lease that transfers substantially all the risks and rewards associated with ownership of an asset, and its ownership may or may not be transferred. If it is reasonable to determine the ownership of the leased asset at the expiration of the lease term, the depreciation shall be calculated within the useful life of the leased asset; If it is not reasonable to determine the ownership of the leased asset at the expiration of the lease term, depreciation shall be calculated within a relatively short period of the lease term and the service life of the leased assets.

#### (5) Others

The subsequent expenses related to fixed assets, if the economic benefits related to the fixed assets are likely to flow in and their costs can be reliably measured, are included in the cost of fixed assets and the book value of the replaced part should be terminated. The subsequent expenditures other than mentioned as above are recognized in profit or loss in the period in which they are incurred.

The fixed asset is derecognized when the fixed asset is in disposal or is not expected to generate economic benefits by using or disposal. The difference between the disposal income from the sale, transfer, retirement or damage of the fixed assets less the carrying amount and related taxes is recognized in profit or loss for the current period.

The Company reviews the useful life, estimated net residual value and depreciation method of fixed assets at least at the end of the year, and changes as an accounting estimate if changes occur.

### **16. Construction in progress**

The cost of construction in progress is determined based on actual project expenditure, including various project expenditures incurred during the construction period, capitalized borrowing costs before the project reaches the expected usable status, and other related expenses. Construction in progress is carried forward to fixed assets when it is ready for its intended use.

For details of the impairment test method and impairment provision method for construction in progress, please refer to Note III. 21 “Long-Term Asset Impairment”.

### **17. Borrowing Costs**

Borrowing costs include interest on borrowings, amortization of discounts or premiums, ancillary expenses, and exchange differences arising from foreign currency borrowings. Borrowing costs directly attributable to the acquisition, construction or production of assets eligible for capitalization, capitalization is began when asset expenditures have occurred, borrowing costs have occurred, and the acquisition, construction or production activities necessary to bring the assets to the intended usable or saleable state have begun. And capitalization is stopped when the assets under

construction or production that meet the capitalization conditions are ready for their intended use or saleable status. The remaining borrowing costs are recognized as an expense in the period in which they are incurred.

The interest expenses actually incurred in the current period of special borrowings shall be capitalized after subtracting the interest income from the unused borrowing funds deposited into the bank or the investment income obtained from the temporary investment. For the general borrowings, according to the accumulated asset expenditures exceed the special borrowings. The capitalization amount is determined by multiplying the weighted average of which accumulated asset expenditure exceeds the asset expenditure of the special borrowing portion by the capitalization rate of the general borrowings used. The capitalization rate is determined based on the weighted average interest rate of general borrowings.

During the capitalization period, the exchange differences of foreign currency special borrowings are all capitalized; the exchange differences of foreign currency general borrowings are included in the current profit and loss.

Assets eligible for capitalization refer to assets such as fixed assets, investment property and inventories that require a substantial period of acquisition, construction or production activities to achieve the intended use or sale status.

If the assets eligible for capitalization are interrupted abnormally during the acquisition, construction or production process and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended until the acquisition, construction or production of the assets resumes.

#### **18. Right-of-use assets (applicable from 1 January 2021)**

Right-of-use assets of the Group mainly consist of buildings, power generation and transmission equipment, plant, machinery and equipment, motor vehicles, furniture and fixtures and others.

At the commencement date of the lease, the Group recognises the right to use the leased assets during the lease term as a right-of-use asset, including: the initial measurement amount of the lease liability; the amount of lease payment paid on or before the beginning of the lease term, the amount of lease incentive already enjoyed shall be deducted if there is a lease incentive; initial direct expenses incurred by the lessee; the costs that the lessee is expected to incur in order to dismantle and remove the leased asset, restore the leased asset to the site or restore the leased asset to the state agreed upon in the lease terms. The right-of-use assets are depreciated on a straight-line basis subsequently by the Group. If the Group is reasonably certain that the ownership of the underlying asset will be transferred to the Group at the end of the lease term, the Group depreciates the asset from the commencement date to the end of the useful life of the asset. Otherwise, the Group

depreciates the assets from the commencement date to the earlier of the end of the useful life of the asset or the end of the lease term.

The Group remeasures the lease liability at the present value of the revised lease payments and adjusts the carrying amount of the right-of-use assets accordingly, when the carrying amount of the right-of-use asset is reduced to zero, and there is a further reduction in the measurement of the lease liability, the Group recognises the remaining amount of the remeasurement in profit or loss for the current period

## **19. Intangible assets**

### (1) Intangible assets

Intangible assets refer to identifiable non-monetary assets without physical form owned or controlled by the Company.

Intangible assets are initially measured at cost. Expenditure related to intangible assets is included in the cost of intangible assets if the relevant economic benefits are likely to flow to the Company and its costs can be measured reliably. However, the intangible assets acquired through business combination not involving enterprises under common control should be measured at fair value separately as intangible assets when their fair values can be reliably measured.

The acquired land use rights are usually accounted for as intangible assets. The related land use rights and building construction costs of self-developed and constructed buildings are accounted for as intangible assets and fixed assets, respectively. In the case of purchased houses and buildings, the relevant price is distributed between the land use rights and the buildings. If it is difficult to allocate them reasonably, all of them are treated as fixed assets.

Since the intangible assets with limited useful life are available for use, the original value minus the estimated net residual value and the accumulated amount of impairment reserve shall be amortized by the straight-line method during their expected service life. Intangible assets with uncertain service life shall not be amortized.

Among them, the useful life and amortization method of intellectual property are as follows:

Item	Amortization (year)	period	Amortization method
Trademark	20		Straight-line method

At the end of the period, the useful life and amortization methods of intangible assets with limited useful life are reviewed, and if any change occurs, it is treated as a change of accounting estimate. In addition, the useful life of intangible assets with uncertain service life is also reviewed.

If there is evidence that the period for which the intangible assets bring economic benefits to the enterprise is foreseeable, the useful life of intangible assets is estimated and amortized according to the amortization policy of intangible assets with limited useful life

#### (2) Research and development expenditure

The company's expenditure for internal research and development project is divided into research phase expenditure and development phase expenditure.

Expenditures for the research phase shall be recognized in profit or loss when incurred.

Expenditures for the development phase that meet the following conditions shall be recognized as intangible assets, and expenditures in the development stage that fail to meet the following conditions are included in current profit and loss:

- a. It is technically feasible to complete the intangible asset to enable it to be used or sold.
- b. The intent to complete the intangible asset and use or sell it;
- c. The way in which intangible assets generate economic benefits, including the ability to prove that the products produced from the intangible assets having a market or the intangible assets having a market, and the intangible assets will be used internally, which can prove its usefulness;
- d. sufficient technical, financial resources and other resources for supporting the development of the intangible assets and the ability to use or sell the intangible assets.
- e. Expenditure attributable to the development phase of the intangible asset can be reliably measured.

If it is impossible to distinguish the expenditures between research phase and development phase, all research and development expenditures incurred will be included in the current profit and loss.

#### (3) Impairment test method and Impairment provision method for intangible assets

For details of the impairment test method and impairment provision method, please refer to Note III. 21 “Long-Term Asset Impairment”.

### **20. Long-term Deferred Expenses**

The long-term deferred expenses are all expenses that have occurred but shall be borne by the reporting period and subsequent periods with amortization period of more than one year. The company's long-term deferred expenses mainly include lease of land use right and renovation costs of factory building. Long-term deferred expenses are amortized on a straight-line basis over the estimated benefit period.

### **21. Long-term assets impairment**

For fixed assets, construction in progress, intangible assets with limited useful life, investment

property measured by cost model, and non-current non-financial assets such as long-term equity investments in subsidiaries, joint ventures and associates, the Company determines whether there is any indication of impairment on the balance sheet date. If there is any indication of impairment, the recoverable amount is estimated and the impairment test is carried out. Goodwill, intangible assets with uncertain service life and intangible assets that not yet ready for use are tested for impairment annually, regardless of whether there is any indication of impairment.

If the result of the impairment test indicates that the recoverable amount of the asset is lower than its book value, the impairment provision is made based on the difference and is included in the impairment loss. The recoverable amount is the higher of the fair value of the asset less the disposal expense and the present value of the estimated future cash flow of the asset. The fair value of assets is determined according to the sale agreement price in a fair transaction. If there is no sales agreement but there is an active market for the asset, the fair value is determined according to the buyer's bid for the asset; if there is neither sales agreement nor active market for assets, the fair value of assets shall be estimated based on the best information available. Asset disposal expenses include legal fee, taxes, transportation expenses and direct expenses incurred to make assets saleable. The present value of the estimated future cash flow of an asset is determined by the appropriate discount rate discounting and the estimated future cash flow generated by the asset during its continuous use and final disposal. The asset impairment provision is calculated and confirmed based on individual assets. If it is difficult to estimate the recoverable amount of an individual asset, the recoverable amount of the asset is determined by the asset group which the asset belongs to. An asset group is the smallest portfolio of assets that can generate cash inflows independently.

The book value of the goodwill listed separately in the financial statements is amortized into asset groups or portfolios that are expected to benefit from the synergies of business combinations when impairment tests are conducted. The test results show that the recoverable amount of the asset group or portfolio containing the assessed goodwill is lower than its book value, the corresponding impairment losses should be confirmed. The amount of impairment loss is first deducted from the book value of the goodwill amortized to the asset group or portfolio, and then deducted proportionally from the book value of other assets according to the proportion of the book value of assets other than goodwill in the asset group or portfolio.

Once the above asset impairment loss is confirmed, it will not be reversed to the part where the value is restored in the future period.

## **22. Employee Compensation**

The Company's employee compensation mainly includes short-term employee remuneration, Post-employment Benefits, Termination Benefits and benefits for other long-term employee. Among

them:

Short-term employees remuneration mainly includes wages, bonuses, allowances and subsidies, employee welfare fees, medical insurance premiums, maternity insurance premiums, work injury insurance premiums, housing fund, labor union funds, employee education funds, and non-monetary benefits. The Company recognizes the actual short-term employee's remuneration as a liability in the accounting period in which employees provide services to the Company and recognizes them in profit or loss or related asset costs. Non-monetary benefits are measured at fair value.

Post-employment Benefits mainly include basic retirement security, unemployment insurance, and annuities. The Post-employment Benefit Scheme includes a Defined Contribution Plan and a Defined Benefit Plan. If a Defined Contribution Plan is adopted, the corresponding amount of the deposit shall be included in the relevant asset cost or current profit and loss as incurred. (1) The Defined Contribution Plan is recognized as a liability based on a fixed fee paid to an independent fund and is included in the current profit and loss or related asset costs; (2) The Defined Benefit Plan is accounted for using the expected cumulative benefits unit method. Specifically, the Company will convert the welfare obligation arising from the Defined Benefit Plan into the final value of the departure time according to the formula determined by the expected cumulative benefits unit method; then it is attributed to the employee's in-service period and is included in the current profit and loss or related asset cost.

If the labor relationship with the employee is terminated before the employee's labor contract expires, or if the employee is encouraged to accept the reduction voluntarily, when cannot withdrawing unilaterally the dismissal benefits provided by the termination of the labor relationship plan or the reduction proposal, and when confirming the costs associated with the restructuring involving the payment of the dismissal benefits, whichever is earlier, the Company will recognize the employee compensation liabilities arising from the dismissal benefits, and included in the current profit and loss. However, if the dismissal benefits are not expected to be fully paid within 12 months after the end of annual reporting period, they shall be treated in accordance with other long-term employee compensations.

The internal retirement plan for employees shall be treated in the same way as the above-mentioned dismissal benefits. The company will pay the internal retired staff the salary and the social insurance premiums from the employee's lay-off to normal retirement, and will include in the current profit and loss (dismissal benefits) when the conditions of the estimated liabilities are met.

If the other long-term employee benefits provided by the Company to the employees are in line with the Defined Contribution Plan, they shall be accounted for Defined Contribution Plan, and



otherwise accounted for the Defined Benefit Plan.

### **23. Lease liabilities**

At the commencement date of the lease period, the Group recognises the present value of outstanding lease payments as a lease liability, excluding short-term leases and leases of low-value assets. The Group adopts the interest rate implicit in the lease as the discount rate to calculate the present value of the lease payments. Where the interest rate implicit in the lease cannot be determined, the incremental borrowing rate of the lessee shall be used as the discount rate. The Group calculates the interest expense of the lease liability during each period of the lease term in accordance with the constant periodic rate of interest and recognises it in profit and loss for the current period, except otherwise stipulated in the cost of related assets. The variable lease payment that is not included in the measurement of lease liabilities is recognised in the profit and loss for the current period when it actually occurs, except that it is otherwise stipulated to be included in the cost of relevant assets.

After a lease term commences, when there is a change in the amount of in-substance fixed lease payments, a change in the amounts expected to be payable under a residual value guarantee, a change in future lease payments resulting from a change in an index or a rate used to determine those payments, a change in assessment of an option to purchase the underlying asset, renew or terminate the lease, or change in the actual exercise of an option, the Group remeasures the carrying amount of the lease liability by discounting the revised lease payments

### **24. Estimated liabilities**

When the obligations related to the contingencies meet the following conditions, they are recognized as contingent liabilities: (1) The obligation is the present obligation assumed by the Company; (2) The performance of this obligation is likely to result in the outflow of economic benefits; (3) The amount of the obligation can be reliably measured.

On the balance sheet date, taking into account factors such as risks, uncertainties and time value of money related to contingencies, the estimated liabilities are measured in accordance with the best estimate of the expenditure required to perform the relevant current obligations.

If all or part of the expenses required to discharge the estimated liabilities are expected to be compensated by the third party, the compensation amount will be separately recognized as an asset when it is basically determined to be received, and the confirmed compensation amount does not exceed the book value of the estimated liabilities.

#### **(1) Loss Contract**

A loss contract is a contract in which the cost of fulfilling a contractual obligation will

inevitably occur more than the expected economic benefit. If the contract to be executed becomes a loss contract, and the obligation arising from the loss contract satisfies the conditions for the recognition of the above-mentioned estimated liabilities, the portion of the contract's estimated loss that exceeds the recognized impairment loss (if any) of the contracted asset is recognized as the estimated liability.

#### (2) Restructuring Obligations

For restructuring plans that are detailed, formal, and have been announced to the public, the amount of the estimated liabilities are determined based on the direct expenses related to the reorganization, subject to the recognition conditions of the aforementioned estimated liabilities. For the restructuring obligation to the part of business sold, the obligation related to the reorganization is confirmed only when the company promises to sell part of the business (that is, when the binding sale agreement is signed).

### **25. Share-based Payments**

#### (1) Accounting Treatment of Share-based Payments

A share-based payment is a transaction that grants an equity instrument or assumes a liability determined based on an equity instrument in order to obtain services from employees or other parties. Share-based Payments include equity-settled share payment and cash-settled share payment.

##### a) Equity-settled Share Payment

The equity-settled share payment in exchange for the services from employee is measured at the fair value of the granting of employees' equity instruments at the grant date. If the fair value is vested in the completion of the waiting period of service or the fulfillment of the required performance conditions, during the waiting period, the amount of the fair value is calculated by the straight-line method into the relevant costs or expenses based on the best estimate of the number of vesting equity instruments; Or If the vesting right is granted immediately after the grant, the calculation of the amount of the fair value is included in the relevant cost or expense on the grant date, and the capital reserve is increased accordingly.

On each balance sheet date during the waiting period, the Company makes the best estimate based on the latest information on the changes in the number of employees with vesting rights and corrects the number of equity instruments that are expected to be vested. The impact of the above estimates shall be included in the current related costs or expenses, and the capital reserve is adjusted accordingly.

In the case of equity-settled share-based payments in exchange for other parties' services, if the fair value of other parties' services can be reliably measured, the fair value of other services shall be

measured at the fair value on the date of acquisition; If the fair value of the other party's services cannot be measured reliably, the fair value shall be measured at the fair value of the equity instrument at the date the service is acquired, and is included in the relevant cost or expense, which increases the shareholders' equity accordingly.

#### b) Cash-settled Share Payment

The cash-settled share payment is measured at the fair value of the liabilities determined by the Company based on shares or other equity instruments. If the vesting right is available immediately after the grant, the relevant costs or expenses shall be included on the date of grant, and the liabilities shall be increased accordingly; if vesting right is available after the service is completed within the waiting period or met the required performance conditions, based on the best estimate of the vesting rights on each balance sheet date of the waiting period, according to the fair value of the liabilities assumed by the company, the services obtained in the current period are included in the cost or expense, and the liabilities are increased accordingly.

The fair value of the liabilities shall be re-measured on each balance sheet date and settlement date before the settlement of the relevant liabilities, and the changes shall be recorded in the profit and loss of the current period.

#### (2) Relevant Accounting Treatment of share-based payment plan's modification and termination

When the Company modifies the share-based payment plan, if the modification increases the fair value of the equity instruments granted, the increase in the fair value of the equity instruments is recognized accordingly. The increase in the fair value of equity instruments refers to the difference between the fair value of the equity instruments before and after the modification. If the modification reduces the total fair value of the share-based payment or adopts other methods that are not conducive to the employee, the service obtained shall continue to be accounted for, as if the change has never occurred, unless the Company cancels some or all of equity instruments.

During the waiting period, if the granted equity instrument is cancelled, the Company will cancel the granted equity instrument as an accelerated exercise, and the amount to be recognized in the remaining waiting period will be immediately included in the current profit and loss, and the capital reserve will be recognized. If the employee or other party can choose to meet the non-vesting conditions but fails to meet the waiting period, the Company will treat it as a cancellation of the equity instrument.

#### (3) Accounting Treatment of Share Payment Transactions between the Company and its Shareholders or Actual Controllers

In respect of the share-based payment transaction between the company and the shareholders or actual controllers of the company, If one of the settlement enterprise and the service receiving

enterprise is in the company and the other is outside the company, it shall be accounted for in the consolidated financial statements of the company according to the following provisions:

a.) If the settlement enterprise settles with its own equity instrument, the share-based payment transaction shall be treated as equity-settled share-based payment; otherwise, it shall be treated as a cash-settled share-based payment.

If the settlement enterprise is an investor of a serviced enterprise, it shall be recognized as the long-term equity investment of the serviced enterprise according to the fair value of the equity instrument at the grant date or the fair value of the liability to be assumed, and the capital reserve (other capital reserve) or liabilities shall be recognized.

b.) If the serviced enterprise has no settlement obligation or grants its own employees the equity instruments, the share payment transaction shall be treated as equity-settled share payment; if the serviced enterprise has settlement obligation and grants its employees other than its own equity instruments, the share payment transaction shall be treated as a cash-settled share payment.

For the share based payment incurred between companies within the group, if the serviced enterprise and settlement enterprise are not the same, then the payment should be recognized and measured in their individual financial statements, they should be accounted for using the above principles

## **26. Revenue**

The company's operating income mainly includes income from selling goods, income from providing services, royalty income, interest income, etc. When the company signs a contract, it evaluates the contract, identifies the individual performance obligations contained in the contract, and determines whether the individual performance obligations are performed within a certain period of time or at a certain point of time. When the company has fulfilled all the performance obligations in the contract, the revenue shall be recognized respectively according to the transaction price apportioned to the performance obligations.

### **(1) Revenue recognition for fulfilling performance obligation at a certain time point**

Generally, the company recognizes the revenue from the sales of goods based on the transaction price apportioned to the single performance obligation when the customer obtains the control right of the relevant goods on the basis of comprehensively considering the following factors: the company has the right to receive payment in respect of the goods or services currently, that is, the customer has the obligation to pay for the goods currently; the company has transferred the legal ownership of the goods to the customer, that is, the customer has the legal ownership of the goods; The Company has transferred the physical goods of the commodity to the Customer or the Customer has obtained the

qualification of physical goods right of the commodity. The consideration obtained by the Company in respect of the transfer of the commodity is likely to be recovered; Other indications that the customer has taken control of the commodity.

The specific principles of the company's sales revenue recognition are as follows: when the commodity have been delivered to the customer and signed by the customer for confirmation, or the ownership certificate of the commodity has been delivered to the customer, the sales revenue is recognized when the company has received the payment or obtained the evidence of payment.

**(2) Revenue recognition for fulfilling performance obligation within a certain period of time**

For the performance obligations performed in a certain period of time, such as the services provided, the company adopts the output method or input method to determine the appropriate performance progress, and recognizes the revenue according to the performance progress in that period of time. On the balance sheet date, the company shall recognize the current income according to the total transaction price of the contract multiplied by the progress of performance minus the accumulated recognized income. If one of the following conditions is satisfied, it is regarded as the performance obligation performed during a certain period of time: the Customer obtains and consumes the economic benefits arising from the performance of the Company at the same time of the performance of the Company; Customers can control the goods under construction during the performance of the contract; The products produced by the Company during the performance of the Contract are of irreplaceable use, and the Company shall be entitled to receive payment for the accumulated part of the completed performance so far during the whole term of the Contract. Otherwise, the Company recognizes revenue at the point when the Customer acquires control of the relevant goods or services.

The Company's rights to receive consideration for goods or services transferred to the Customer (and such rights depend on factors other than the time passage) are presented as contractual assets, which are subject to impairment on the basis of expected credit losses. The company's right to collect consideration from customers unconditionally (only depending on the passage of time) is listed as receivables. The obligation of the Company to transfer goods or services to customers for which consideration has been received or receivable is presented as a contractual liability.

**27. Contract cost**

## 1. Contract performance cost

The cost incurred by the company for the performance of the contract, which does not fall within the scope of other accounting standards for business enterprises other than the income standard 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 explicitly borne by the customer and other costs incurred solely as a result of the contract;

(2) The cost increases the company's resources for fulfilling its performance obligations in the future;

(3) The cost is expected to be recovered.

The assets are presented in inventory or other non-current assets according to whether the amortization period has exceeded one normal operating cycle at the time of its initial recognition.

## 2. Contract acquisition cost

If the incremental cost incurred by the company to obtain the contract is expected to be recovered, it shall be recognized as an asset as the contract acquisition cost. Incremental cost refers to the cost that will not occur if the company does not obtain the contract.

## 3. Amortization of contract costs

The assets related to the contract cost mentioned above shall be amortized at the time of performance of the obligation or according to the performance progress on the same basis as the income recognition of the commodity or service related to the asset and shall be recorded into the current profit and loss.

## 4. Impairment of contract cost

If the book value of the above assets related to the contract cost is higher than the difference between the residual consideration expected to be obtained by the company due to the transfer of the goods related to the assets and the estimated cost to be incurred for the transfer of the relevant goods, the excess part shall be set aside as an impairment provision and recognized as an impairment loss of the asset.

## **28. Government grants**

Government grant refers to the company's acquisition of monetary and non-monetary assets from the government free of charge, excluding the capital invested by the government as an investor and enjoying the corresponding owner's rights and interests. Government grants include assets-related grants and revenue-related grants. The company defines the government grant obtained for the purchase and construction of long-term assets or for the formation of long-term assets in other ways as the government grant related to assets; the remaining government grant is defined as the government grant related to income. If the object of grants is not specified in government documents, the grants shall be divided into income-related government grants and assets-related government grants in the following ways: (1) If the government document clarifies the specific project for which the grant is targeted, the proportion of the expenditure amount of the assets to be formed and the amount of the expenditures included in the expenses in the budget of the specific project are divided, and the proportion of grant division needs to be reviewed on each balance sheet day and changed if necessary. (2) In government documents, if the purpose is expressed only in general terms and no specific project is specified, the grant shall be regarded as a government grant related to the income. Where a government grant is a monetary asset, it shall be measured according to the amount received or receivable. If the government grants are non-monetary assets, they shall be measured at the fair value; if the fair value cannot be obtained reliably, they shall be measured at the nominal amount. Government grants measured in nominal amounts shall be recognized directly in current profits and losses.

The Company usually confirms and measures the government grant according to the amount when it is actually received. However, if there is conclusive evidence at the end of the period that the relevant conditions stipulated in the financial support policy can be met and the financial support funds are expected to be received, it shall be measured according to the amount receivable. Government grants measured in accordance with the amount receivable shall meet the following conditions at the same time: (1) The amount of the subvention receivable has been confirmed by the authorized government departments, or can be reasonably calculated according to the relevant provisions of the formally issued financial fund management measures, and there is no significant uncertainty in the amount expected; (2) According to the "Regulations on the Openness of Government Information" that the local financial department officially released and in accordance with the provisions of the "Regulations on the Openness of Government Information," the financial support project and its financial fund management measures should be inclusive (any eligible enterprise can apply for them), rather than being specifically tailored to specific companies; (3) The relevant grant approval has clearly promised the payment period, and the allocation of the

payment is guaranteed by the corresponding budget, so it can be reasonably ensure that it can be received within the prescribed time limit; (4) Other relevant conditions (if any) to be met in accordance with the specific circumstances of the Company and the grants.

Government grants related to assets are recognized as deferred earnings and are divided into current profits and losses in a reasonable and systematic way during the service life of the assets concerned. The government grants related to revenue, which are used to compensate for the related cost or loss in the subsequent period, shall be recognized as deferred income, and shall be recognized in profit or loss in the period in which the related costs or losses are recognized; if it is used to compensate the related costs or losses that has occurred, it shall be directly recognized in the current profit and loss.

It includes government grants related to both assets and income, and different parts are separately classified for accounting treatment; if it is difficult to distinguish, the whole is classified as government grants related to income.

Government grants related to the daily activities of the Company shall be included in other income or cost deductions according to the nature of the economic business; government subsidies unrelated to daily activities shall be included in the non-operating revenues and expenses.

When the recognized government grants need to be returned, if there are relevant deferred earnings balances, the book balance of related deferred earnings shall be deducted, and the excess part shall be included in the current profits and losses or the book value of assets shall be adjusted, otherwise, the book value of assets shall be directly included in the current profits and losses.

The company will obtain preferential policy loans discount in accordance with the finance will be allocated to the loan bank discount funds and the finance will be directly allocated to the company discount funds in two cases:

(1) If the finance department allocates the discount interest funds to the lending bank, and the lending bank provides the loan to the Company at the policy preferential interest rate, the Company chooses to conduct accounting treatment according to the following methods: the loan amount actually received shall be taken as the entry value of the loan, and the relevant borrowing costs shall be calculated in accordance with the loan principal and the policy preferential interest rate.

(2) If the finance allocates the discount funds directly to the company, the company will offset the corresponding discount against the relevant borrowing costs.

## **29. Deferred Income Tax Assets / Deferred Income Tax Liabilities**

### **(1) Current Income Tax**

On the balance sheet date, the current income tax liabilities (or assets) formed in the current and previous periods are measured by the expected amount of income tax payable (or returned) in accordance with the provisions of the Tax Law. The amount of taxable income on which current



income tax expenses are calculated is based on the corresponding adjustment of pre-tax accounting profits in the reporting period in accordance with the relevant tax laws.

## (2) Deferred Income Tax Assets and Deferred Income Tax Liabilities

The difference between the book value of certain assets and liabilities and their tax basis, and the temporary difference between the book value of items that are not recognized as assets and liabilities but which can be determined as their tax basis according to the tax law, are confirmed by the balance sheet liability method.

Taxable temporary differences which related to the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction that is neither a business combination nor an accounting profit or taxable income (or deductible loss), relevant deferred income tax liabilities shall not be recognized. In addition, for taxable temporary differences related to investments in subsidiaries, associates and joint ventures, if the Company is able to control the turnaround time of temporary differences, and the temporary difference is unlikely to be reversed in the foreseeable future, the related deferred income tax liabilities shall not be recognized. Except for the above exceptions, the Company recognizes all other deferred income tax liabilities arising from taxable temporary differences.

Taxable temporary differences which related to the initial recognition of an asset or liability arising from a transaction that is neither a business combination nor an accounting profit or taxable income (or deductible loss), relevant deferred income tax liabilities shall not be recognized. In addition, for taxable temporary differences related to investments in subsidiaries, associates and joint ventures, if the temporary difference is unlikely to be reversed in the foreseeable future, or the amount of taxable income used to offset the temporary difference is unlikely to be obtained in the future, the deferred income tax assets concerned shall not be recognized. Except for the above exceptions, the Company recognizes other deferred income tax assets that can offset temporary differences, subject to the amount of taxable income that is likely to be obtained to offset temporary differences.

For deductible losses and tax credits that can be carried forward in subsequent years, the corresponding deferred income tax assets are recognized to the extent that it is probable that the future taxable income shall be used to offset the deductible losses and tax credits.

On the balance sheet date, the deferred income tax assets and deferred income tax liabilities shall be measured at the applicable tax rates in the period in which the related assets are recovered or the related liabilities are recovered in accordance with the tax laws.

On the balance sheet date, the book value of deferred income tax assets is reviewed. and the book value of deferred income tax assets is written down if it is likely that sufficient taxable income

will not be available to offset the benefits of deferred income tax assets in the future. When it is possible to obtain sufficient taxable income, the amount written down shall be reversed.

### (3) Income tax expenses

Income tax expenses include current income tax and deferred income tax.

In addition to recognizing that the current income tax and deferred income tax related to other transactions and matters directly included in shareholder's rights and interests shall be recognized in other comprehensive income or shareholder's rights and interests, and the book value of adjusted goodwill from deferred income tax resulting from the merger of enterprises, the other current income tax and deferred income tax expenses or gains shall be recognized in profit or loss for the current period.

### (4) Offset of Income Tax

When the company has legal rights to settle on a net basis, and intends to settle on a net basis or acquire assets and pay off liabilities at the same time, the company's current income tax assets and current income tax liabilities shall be presented on a net basis after the offset.

When it has the legal right to settle current income tax assets and current income tax liabilities on a net basis, and deferred income tax assets and deferred income tax liabilities are related to the income tax levied by the same tax administration department on the same tax payer or to different tax payers, but in the future, during each important period of deferred income tax assets and liabilities being reversed, the taxpayer involved intends to settle the current income tax assets and liabilities on a net basis, or acquire assets and pay off liabilities simultaneously, the deferred the income tax assets and deferred income tax liabilities of the Company shall be presented on a net basis after offset.

## **30. Lease**

Finance lease is a lease that essentially transfers all risks and rewards related to the ownership of assets. Its ownership may or may not be transferred eventually. Leases other than finance leases are operating leases.

### (1) The Company records operating lease business as a lessee.

Rental expenses for operating leases shall be included in the related asset costs or current profits and losses in the straight-line method during each period of the lease period. The initial direct costs shall be included in the current profits and losses. Contingent rentals shall be recognized in profits and losses when incurred.

### (2) The company records operating lease business as a lessor

The rental income of operating lease shall be recognized as current profit and loss according to the straight-line method during each period of the lease period. The larger initial direct expenses are

capitalized when occurring, and the profits and losses of the current period shall be recorded in stages on the same basis as the recognized rental income during the whole lease period; the smaller initial direct expenses shall be recorded in the profits and losses of the current period when occurring. Contingent rentals shall be included in current profits and losses when actually occurring.

(3) The company records finance lease business as a lessee

At the beginning of the lease period, the lower of the fair value of the leased assets and the present value of the minimum lease payment on the lease start date is regarded as the entry value of the leased assets, and the lowest lease payment shall be regarded as the entry value of the long-term payables, and the difference shall be regarded as the unrecognized financing cost. In addition, the initial direct costs attributable to the lease project shall also be included in the value of the leased assets when they occur during the lease negotiation and the signing of the lease contract. The balance of the minimum lease payment after deducting the unrecognized financing costs shall be presented as long-term liabilities and long-term liabilities due within one year, respectively.

The unrecognized financing cost shall be calculated by the real interest rate method during the lease period. Contingent rentals shall be included in current profits and losses when actually occurring.

(4) The company records finance lease business as a lessor

At the beginning of the lease period, the sum of the minimum lease receipt and the initial direct cost on the lease start date is regarded as the entry value of the financial lease receivable, and the unsecured balance shall be recorded. The difference between the sum of the minimum lease receivable, the initial direct cost and the unsecured balance and the sum of its present value is recognized as the unrealized financing income. The balance of the receivable financial lease after deducting the unrealized financial income shall be presented as long-term claims and long-term claims maturing within one year, respectively.

The unrealized financing income shall be calculated and confirmed by the real interest rate method during the lease period. Contingent rentals shall be recognized in current profits and losses when actually occurring.

### **31. Other important accounting policies and accounting estimates**

(1) Termination of business

Termination of operation refers to a component that meets one of the following conditions, can be separately distinguished and has been disposed of or classified as held for sale by the Company:

① This component represents an independent major business or a separate major business area. ② This component is part of an associated plan to dispose of an independent major business or a

separate major business area. ③ This component is a subsidiary company acquired specifically for resale.

For the accounting treatment methods for termination of operations, please refer to the relevant descriptions in Note 3, 12 "Assets held for sale and disposal group".

#### (2) Hedge accounting

In order to avoid some risks, the Company hedges some financial instruments as hedging instruments. For the hedges meeting the specified conditions, the Company adopts the hedge accounting method for treatment. The hedging of the Company is fair value hedging.

At the beginning of hedging, the Company formally designates hedging instruments and hedged items, and prepares written documents on hedging relationship and risk management strategy and risk management objectives of the Company engaged in hedging. In addition, the Company will continuously evaluate the effectiveness of hedging at the beginning and after the hedging.

#### Fair value hedging

If a hedging instrument is designated as a fair value hedge and meets the conditions, the profits or losses arising therefrom shall be included into the current profits and losses. If the hedging instrument hedges the non-trading equity instrument investment (or its components) that is measured at fair value and whose changes are included in other comprehensive income, the gains and losses generated by the hedging instrument are included in other comprehensive income. The profit or loss of the hedged item due to the hedged risk exposure shall be included into the current profits and losses, and the book value of the hedged item shall be adjusted at the same time. If the hedged item is measured at fair value, the gain or loss of the hedged item due to the hedged risk does not need to adjust the book value of the hedged item, and the relevant gains and losses are included into the current profits and losses or other comprehensive income.

When the Company cancels the designation of the hedging relationship, the hedging instrument has expired or been sold, the contract has been terminated or exercised, or no longer meets the conditions for the application of hedge accounting, the application of hedge accounting shall be terminated.

### **32. Significant accounting judgments and estimates**

In the process of applying accounting policies, due to the inherent uncertainty of business activities, the Company needs to judge, estimate and assume the book value of statement items that cannot be accurately measured. These judgments, estimates and assumptions are based on the Company's management's past historical experience and other relevant factors. These judgments, estimates and assumptions will affect the reported amounts of income, expenses, assets and liabilities

and the disclosure of contingent liabilities at the balance sheet date. However, the actual results caused by the uncertainty of these estimates may be different from the current estimates of the Company's management, resulting in a significant adjustment to the carrying amount of the assets or liabilities affected in the future.

The Company reviews the aforesaid judgments, estimates and assumptions on a regular basis on the basis of going concern. If the change of accounting estimates only affects the current period of change, the number of impacts shall be recognized in the current period of change. If the change affects both the current and future periods, the number of impacts will be confirmed in the current and future periods of the change.

On the balance sheet date, the Company needs to judge, estimate and assume the amount of financial statement items in the following important areas:

### **1. Impairment of financial assets**

The Company uses the expected credit loss model to evaluate the impairment of financial instruments. The application of the expected credit loss model requires significant judgment and estimation, and all reasonable and basis information, including forward-looking information, shall be considered. In making these judgments and estimates, the Company deduces the expected changes in the debtor's credit risk based on historical data and combined with economic policies, macroeconomic indicators, industry risks, external market environment, technological environment, changes in customer conditions and other factors.

### **2. Inventory falling price reserves**

According to the inventory accounting policy, the Company measures according to the lower of cost and net realizable value. For the inventory whose cost is higher than net realizable value and which is obsolete and unsalable, the Company makes provision for inventory falling price. Impairment of inventories to net realizable value is based on the evaluation of the marketability of inventories and their net realizable value. The appraisal of impairment of inventories requires the management to make judgment and estimation on the basis of obtaining conclusive evidence and considering factors such as the purpose of holding inventories and the influence of events after the balance sheet date. The difference between the actual result and the original estimate will affect the book value of inventory and the accrual or reversal of inventory depreciation reserve during the period when the estimate is changed.

### **3. Provision for impairment of long-term assets**

On the balance sheet date, the Company judges whether there are signs of possible impairment for non-current assets other than financial assets. For intangible assets with uncertain service life, in addition to the annual impairment test, the impairment test is also carried out when there are signs of

impairment. Other non-current assets other than financial assets shall be tested for impairment when there are indications that their book amounts are not recoverable.

When the book value of an asset or asset group is higher than the recoverable amount, that is, the higher of the net amount of the fair value minus the disposal expenses and the present value of the estimated future cash flow, it indicates that an impairment has occurred

The net amount of the fair value less the disposal expenses shall be determined by referring to the sales agreement price or observable market price of similar assets in fair transactions, and deducting the incremental cost directly attributable to the disposal of such assets.

When estimating the present value of future cash flow, it is necessary to make a significant judgment on the output, sales price, related operating costs and the discount rate used in the calculation of the present value of the asset (or asset group). In estimating the recoverable amount, the Company will use all relevant information available, including forecasts of production, selling price and related operating costs based on reasonable and supportable assumptions.

The Company shall test whether goodwill is impaired at least every year. This requires an estimate of the present value of the future cash flows of the asset group or portfolio of asset groups to which goodwill has been allocated. When predicting the present value of future cash flow, the Company needs to predict the cash flow generated by the future asset group or asset group portfolio, and at the same time, select the appropriate discount rate to determine the present value of future cash flow.

#### **4. Depreciation and amortization**

After considering the residual value of investment real estate, fixed assets and intangible assets, the Company will accrue depreciation and amortization on a straight-line basis during their service lives. The Company reviews the service life regularly to determine the amount of depreciation and amortization expenses to be included in each reporting period. The service life is determined by the Company based on the past experience of similar assets and in portfolio with the expected technological updates. If there is a significant change in previous estimates, the depreciation and amortization charges will be adjusted in the future.

#### **5. Deferred income tax assets**

To the extent that there is likely to be sufficient taxable profits to offset the losses, the Company recognizes deferred income tax assets for all unused tax losses. This requires the Company's management to use a large number of judgments to estimate the time and amount of future taxable profits, combined with tax planning strategies, to determine the amount of deferred income tax assets to be recognized.

## 6. Income tax

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

## 7. Accrued liabilities

According to the terms of the contract, existing knowledge and historical experience, the Company estimates and makes corresponding provision for product quality assurance, estimated contract losses, liquidated damages for delayed delivery, etc. In the event that such contingencies have formed a current obligation and the performance of the current obligations is likely to result in outflow of economic benefits from the Company, the Company recognizes the contingencies as estimated liabilities based on the best estimate of the expenditure required to perform the relevant current obligations. The recognition and measurement of the estimated liabilities depend to a large extent on the judgment of the management. In the process of judgment, the Company needs to evaluate the risks, uncertainties, time value of money and other factors related to these contingencies.

Among them, the Company will make an estimated liability for the after-sales quality maintenance commitments provided to customers for the sale, maintenance and renovation of the goods sold. The Company's recent maintenance experience data have been taken into account when estimating liabilities, but the recent maintenance experience may not reflect the future maintenance situation. Any increase or decrease in this provision may affect the profit and loss in the future years.

## 8. Fair value measurement

Certain assets and liabilities of the Company are measured at fair value in the financial statements. When estimating the fair value of an asset or liability, the Company adopts the available observable market data available. If the first level input value cannot be obtained, the Company will employ a qualified third-party appraiser to perform the appraisal. The Company works closely with qualified external appraisers to determine the appropriate valuation techniques and inputs to the relevant models

## IV. Taxes

### 1. Main Taxes and Tax Rates

Types	Tax Basis	Tax Rate
Value Added Tax	After deducting the allowable amount of input tax deducted in the current period, the difference between the sales of goods, taxable services and taxable services income calculated in accordance with the	1%、3%、5%、6%、

Types	Tax Basis	Tax Rate
	provisions of the Tax Law is the taxable value-added tax.	9%、10%、13%
Urban Maintenance & Construction Tax	According to the actual value-added tax	7%、5%
Extra charges of education funds	According to value added tax and consumption tax on the basis of actual payment	3%
Local Extra Charges of Education Funds	According to value added tax and consumption tax on the basis of actual payment	2%
Corporate Taxes	According to taxable income	25%、17%、15%、20%
Property Tax	According to 70% of original value of the real estate (or rental income) as the tax base; according to the original value of the real estate deducted 30% at a time.	12%、1.2%

The company conducts VAT taxable sales or imports goods. According to the announcement issued by Ministry of Finance, State Administration of Taxation and China Custom about the policy relating to deepening VAT reform ( Announcement by Ministry of Finance, State Administration of Taxation and China Custom (2019) No.39), from 1st April 2019 onwards, the applicable rates are adjusted to 13%/9%. Meanwhile, the company can deduct VAT by additional deductible rate of 10% from 1st April 2019 to 31st December 2021 because of its business nature as service provider.

Representation on tax payers of different enterprise income tax rates:

Tax Payers	Income Tax Rate
Jingliang (Singapore) International Trade Co., Ltd.	17%
Beijing Guchuan Bread Food Co., Ltd.	15%
Hangzhou Lin'an Chunmanyuan Agricultural Development Co., Ltd.	20%

## 2. Important preferential tax policies and basis

Hangzhou Linan Little Angel Food Co., Ltd., a 4th tier subsidiary company of the Company, is a welfare enterprise. Since May 2016, it has enjoyed the preferential VAT policy of immediate refund upon payment in Preferential Value-Added Tax Policies for Promoting the Employment of Disabled Persons (CaiShui [2016] No.52).

The level 2 subsidiary of the company-Jingliang Caofeidian Agricultural Development Limited, according to the document JTCFDST(2018) No. 1539765025415 issued by tax authority of Caofeidian District, Tangshan, affiliated to State Administration of Taxation, and also followed the rules in Law of the People's Republic of China on the Administration of Tax Collection, The



Implementation Guideline of Law of the People's Republic of China on the Administration of Tax Collection, the rice under the brand of Tixiang produced by Caofeidian company is exempted from VAT.

The level 2 subsidiary of the company-Jingliang Caofeidian Agricultural Development Limited, according to the rules under Clause 27 of Corporate Law and its Implementation Guideline Clause 86, the rice under the brand of Tixiang produced by Caofeidian company is exempted from Corporation tax.

Beijing Guchuan Bread&Food Co., Ltd., a 3rd tier subsidiary of the Company, is a high-tech enterprise. It enjoys the preferential tax policy of paying enterprise income tax at the 15% tax rate according to the relevant provisions of both “Law of the People's Republic of China on Tax Collection and Administration” and “Rules for the Implementation of the Tax Collection and Administration Law of the People's Republic of China”. It obtained the certificate of high-tech enterprise No. GR202111000657, valid until September 14, 2024.

The company level 3 subsidiary Beijing day weikang grease DiaoXiao center co., LTD., according to the national tax administration of the ministry of finance, the notice about food enterprises exempted from VAT tax word (1999), article 5, 198, responsible for collection and storage of grain purchase and sale of state-owned grain enterprises and business duty-free items listed in the notice of other food business, and government reserves edible vegetable oil sales enterprises, which should be examined by the competent tax authorities deemed tax-exempt status, not reported to the competent tax authorities where the audit determined that no exemption, From June 1, 2017 to December 31, 9999, the company will exempt edible vegetable oil stored by the government from VAT.

Jingliang (Singapore) International Trade Co., Ltd., a 3rd tier subsidiary of the Company, levies taxes on the principle of territoriality. The company is taxed on the territoriality principle. According to Singapore's preferential tax policy, the company enjoys tax exemption plan as follows: for the first SGD\$10,000 of taxable income amount the taxable income amount shall be reduced by 75%; for the portion between SGD\$10,001 and SGD\$200,000, the taxable income amount shall be reduced by 50%; For the portion exceeding SGD\$200,000, the taxable income amount shall not be reduced. The company shall pay income tax at the rate of 17% on the taxable income amount after exemption.

In accordance with the relevant provisions of Ministry of Finance and State Administration of Taxation “Notice on Preferential Enterprise Income Tax Policies for Employment of Persons with Disabilities”(Cai Shui[2009] No.70), Hangzhou Linan Little Angel Food Co., Ltd. , a 4th tier subsidiary company of the Company: Where an enterprise employs persons with disabilities, on the basis of deduction according to the wages paid to the disabled workers, it may deduct the amount of

taxable income according to 100% of the wages paid to the disabled workers.

The company level 3 subsidiary Zhejiang Xiaowangzi Foodstuff Co., Ltd. and 4th tier subsidiary company-Hangzhou Linan Little Angel Food Co., Ltd. ,are entitled to enjoy the urban land use tax reduction policy of unified implementation of classification and grading for taxpayers in the manufacturing industry within the province (including Ningbo City) according to the provisions of the General Office of the People's Government of Zhejiang Province Document No. 62 of 2019, and enjoy 100% and 80% reduction of urban land use tax for Class A and Class B enterprises respectively until December 31, 2021, with the maximum reduction of 100% and 80% of the urban land use tax payable by the Unit for the year.

Linqing Little Prince Food Co., Ltd., a fourth-level subsidiary of the company, shall be subject to 50% of the sales revenue on the basis of the stamp tax payable in the industrial procurement link and sales link in the purchase and sale contract of industrial enterprises according to the announcement No.10, 2018 issued by Shandong Provincial Tax Bureau. The base of stamp duty payable in 2021 shall be calculated according to 50% of the sales revenue.

Company's level 4 subsidiary-Liaoning Xiaowangzi Food Limited, according to the Supplementary Announcement on Land Use Tax issued by Ministry of Finance and State Administration of Taxation (89) GSDZ No.140 Clause 13 states that public land such as municipal street, square, public green etc. can be exempted from land use tax, when computing land use tax, the area used in the computation is total area less the area for afforest and street.

Company's level 4 subsidiary-Hangzhou Lin'an Chunmanyuan Agricultural Development Co., Ltd. , according to the Announcement of the State Administration of Taxation on Matters Relating to the Implementation of Preferential Income Tax Policies to Support the Development of Small and Micro-profit Enterprises and Individual Entrepreneurs and State Administration of Taxation Announcement No. 8 of 2021, from January 1, 2021 to December 31, 2022, for small and micro-profit enterprises with annual taxable income not exceeding RMB1 million The part of the annual taxable income of small and medium-sized enterprises shall be reduced by 12.5% of the taxable income and the enterprise income tax shall be calculated at a tax rate of 20%.

The company level 4 subsidiary Jingliang (Hebei) Oil Industry Co., Ltd., according to the financial department documents, local taxation bureau in hebei province, hebei province document ji caishui [2019] no. 56 "about parts reserve commodity announcement concerning the tax policy, accounting books shall be exempt from stamp duty for funds, to undertake business book stand in the process of buying and selling contract commodity reserves shall be exempt from stamp duty, other parties in the contract should pay the stamp duty shall also be subject to duty-payment according to the parties. Property tax and land use tax of cities and towns shall be exempted from the property tax

and land use tax of cities and towns that undertake the business of commodity reserve for their own use. The notice will be executed on January 1, 2019 and will terminate on 31st December., 2021.

Jingliang (Hebei) Oil Industry Co., Ltd., a 4th subsidiary company of the Company, exempts the sale of edible vegetable oil stored by the government from VAT according to “Notice of the Ministry of Finance and the State Administration of Taxation on the Levy and Exemption of Value Added Tax for Food Enterprises” (Cai Shui [1999] No.198)

**V. Changes in accounting policies, accounting estimates, and explanation of corrections to previous errors**

1. Changes in accounting policies

(1) The Company adopted the relevant provisions of Chinese Accounting Standards for Business Enterprises No.21 – Leases (Accounting (2018) No. 35) from January 1, 2021, and adjusted the amounts of right-of-use assets, lease liabilities and other related items in the financial statements based on the cumulative effect number, without adjusting the information for the comparable periods. The change in accounting policy resulted in the following impacts

<b>Changes in accounting policies and reasons</b>	<b>Implication for the financial position and income</b>
<p>The new lease standard requires companies to separately present right-of-use assets and lease liabilities in the balance sheet (except short-term leases and leases of low-value assets). Among them, lease liabilities are usually divided into non-current liabilities and Current portion of non-current liabilities.</p> <p>In the income statement, the lessee should show the interest expense of the lease liabilities and the depreciation expense of the right-of-use assets separately. The interest expense of lease liabilities is shown in the financial expense.</p> <p>The main accounts affecting the statement are right-of-use assets, lease liabilities, and Current portion of non-current liabilities.</p> <p>The amount of retained earnings and other related items in the financial statements at the beginning of the year are adjusted according to the cumulative effect.No adjustment is made to the information of comparable periods.</p>	<p>The consolidated balance sheet as of January 1, 2021 presents right-of-use assets of 7,787,410.08yuan, current portion of non-current liabilities 1,154,817.69yuan, and lease liabilities of 1,459,723.40yuan.</p> <p>The parent company has no leasing business,so the change in accounting policy has no effect on the parent company's statement items.</p>

(2) The Company adopted the relevant provisions of Chinese Accounting Standards for Business

Enterprises No.14 (Financial accounting [2021] No. 1) from January 1, 2021 to adjust the opening amount of retained earnings and other related items in the financial statements based on the cumulative effect number, without adjusting the information for the comparable periods. This change in accounting policy has no impact on the Company's financial statement.

(3) The Company adopted the relevant provisions of Chinese Accounting Standards for Business Enterprises No.15 (Financial accounting [2021] No. 35) on "Presentation related to centralized management of funds" on January 1, 2021, and if the financial statements of an enterprise before the issuance of the interpretation are not presented in accordance with the above provisions, the financial statement data of the comparable period shall be adjusted in accordance with this interpretation. The change in accounting policy has no impact on the Company's financial statements.

2. Changes in accounting estimates

There is no change in accounting estimate during the reporting period.

3. Correction of previous accounting errors

There is no previous accounting error correction in this reporting period.

4. The Company implemented the new lease standard for the first time on January 1, 2021.

The impact of the financial statements as January 1, 2021 is as follows:

## Consolidated Balance Sheet

Monetary Unit: RMB Yuan

Items	31 December 2020	1 January 2021	Adjustments
Current Assets:			
Monetary capital	335,466,169.61	335,466,169.61	
Transactional financial assets	63,478,071.73	63,478,071.73	
Derivative financial assets			
Notes receivable	456,565.85	456,565.85	
Accounts receivable	92,245,667.60	92,245,667.60	
Receivables financing			
Prepayment	282,343,218.05	282,234,970.05	-108,248.00
Other receivables	541,905,656.97	541,905,656.97	
Including: Interest receivable			
Dividends receivable			
Inventory	1,225,083,742.26	1,225,083,742.26	
Contract assets			
Held-for-sale assets			
Non-current assets due within one year			
Other current assets	845,450,678.36	845,450,678.36	
Total current assets	3,386,429,770.43	3,386,321,522.43	-108,248.00
Non-current assets:			
Long-term equity investment	217,762,487.79	217,762,487.79	
Other equity instruments investment	20,000,000.00	20,000,000.00	
Other non-current financial assets			
Investment property	22,560,212.50	22,560,212.50	
Fixed assets	1,131,143,854.07	1,131,143,854.07	
Construction in process	28,458,413.67	28,458,413.67	
Right-of-use assets		7,787,410.08	7,787,410.08
Intangible assets	354,139,335.32	354,139,335.32	
Development expenditure			
Goodwill	191,394,422.51	191,394,422.51	
Long-term deferred expenses	20,529,601.50	15,464,980.51	-5,064,620.99
Deferred income tax assets	3,346,814.27	3,346,814.27	

Items	31 December 2020	1 January 2021	Adjustments
Other non-current assets	319,739,581.67	319,739,581.67	
Total non-current assets	2,309,074,723.30	2,311,797,512.39	2,722,789.09
Total assets	5,695,504,493.73	5,698,119,034.82	2,614,541.09
Current liabilities:			
Short-term borrowings	1,497,414,079.05	1,497,414,079.05	
Derivative financial liabilities	371,219,136.84	371,219,136.84	
Accounts payable	75,384,075.39	75,384,075.39	
Account collected in advance	1,087,874.02	1,087,874.02	
Contract liabilities	346,874,260.90	346,874,260.90	
Employee payroll payable	33,345,136.94	33,345,136.94	
Taxes payable	50,884,214.64	50,884,214.64	
Other payables	72,292,881.24	72,292,881.24	
Including: Interest payable	21,082,795.47	21,082,795.47	
Dividends payable	11,013,302.88	11,013,302.88	
Current portion of non-current liabilities		1,154,817.69	1,154,817.69
Other current liabilities	8,319,696.79	8,319,696.79	
Total current liabilities	2,456,821,355.81	2,457,976,173.50	1,154,817.69
Non-current liabilities:			
Long-term borrowings			
Long-term payable to employees	5,677,134.00	5,677,134.00	
Estimated liabilities			
Lease liabilities		1,459,723.40	1,459,723.40
Deferred income	68,716,699.34	68,716,699.34	
Deferred income tax liabilities	65,115,801.22	65,115,801.22	
Other non-current liabilities			
Total non-current liabilities	139,509,634.56	140,969,357.96	1,459,723.40
Total liabilities	2,596,330,990.37	2,598,945,531.46	2,614,541.09
Owners' equity (or Shareholders' equity):			
Capital stock	726,950,251.00	726,950,251.00	
Other equity instruments			
Including: Preferred stock			
Perpetual capital bonds			
Capital reserves	1,674,828,350.95	1,674,828,350.95	

Items	31 December 2020	1 January 2021	Adjustments
Less: treasury stock			
Other comprehensive income	-363,258.66	-363,258.66	
Special reserves			
Surplus reserves	122,122,436.98	122,122,436.98	
Undistributed profit	187,033,763.26	187,033,763.26	
Total equity attributable to the parent company	2,710,571,543.53	2,710,571,543.53	
Minority equity	388,601,959.83	388,601,959.83	
Total owners' equity (or shareholders' equity)	3,099,173,503.36	3,099,173,503.36	-
Total liabilities and owners' equity (or shareholders' equity)	5,695,504,493.73	5,698,119,034.82	2,614,541.09

## VI. Notes on Items in Consolidated Financial Statements

Note: The 'beginning' of the period refers to January 1, 2021 and the 'end' of the period refers to December 31, 2021. The previous period refers to the year 2020 and the current period refers to the year 2021

### 1. Monetary funds

#### (1) Classification list

Items	Ending Balance	Beginning Balance
Cash	15,012.17	16,761.72
Bank Deposits	465,853,913.24	299,235,964.61
Other Currency Funds	41,275,743.04	36,213,443.28
Total	507,144,668.45	335,466,169.61
Among them: the total amount of money deposited abroad	16,432,706.23	3,153,447.17

(2) At the end of the period, there are 215,857.76yuan of freezing and other restricted funds. Of this amount, 166,353.66yuan was unfrozen before the reporting date.

(3) At the end of the period, there is no funds deposited abroad and the return of funds is restricted.

### 2. Transactional financial assets

Items	Ending Balance	Beginning Balance
Financial assets measured at fair value with changes included in current profits and losses	40,377,048.08	63,478,071.73
Among them: debt instrument investment	40,377,048.08	63,478,071.73
Total	40,377,048.08	63,478,071.73

### 3. Notes receivable

#### (1) Classification list

Items	Ending Balance	Beginning Balance
Bank acceptance bill		456,565.85
Commercial acceptance bill		
Total		456,565.85

### 4. Accounts Receivable

#### (1) Disclosed according to aging

Aging	Ending Balance
Within 1 Year (including 1 year)	74,560,540.98
Among them: Within the credit (within 3 months)	65,852,621.38
Credit period to 1 year	8,707,919.60
1 to 2 years (including 2 years)	8,594,045.46
2 to 3 years (including 3 years)	996,000.00
3 to 4 years (including 4 years)	
4 to 5 years (including 5 years)	18,711.89
More than 5 years	433,259.50
Sub-total	84,602,557.83
Less Bad Debt provision	1,908,463.21
Total	82,694,094.62

#### (2) Present according to the method of provision for bad debt

Type(s)	Ending Balance				Book Value
	Book Balance		Bad Debt Provision		
	Amount	Ratio(%)	Amount	Provision Ratio(%)	
Separate provision for bad debts	1,324,259.50	1.57	1,324,259.50	100.00	
Portfolio provision for bad debts	83,278,298.33	98.43	584,203.71	0.70	82,694,094.62
Among them: portfolio 1	74,329,280.51	87.86	584,203.71	0.79	73,745,076.80
portfolio 2	8,949,017.82	10.58			8,949,017.82
Total	84,602,557.83	100.00	1,908,463.21		82,694,094.62

(Continued)



Type(s)	Beginning Balance				
	Book Balance		Bad Debt Provision		Book Value
	Amount	Ratio(%)	Amount	Provision Ratio(%)	
Separate provision for bad debts	1,325,135.40	1.41	1,325,135.40	100.00	
Portfolio provision for bad debts	92,402,126.21	98.59	156,458.61	0.17	92,245,667.60
Among them: portfolio 1	69,364,375.49	74.01	156,458.61	0.23	69,207,916.88
portfolio 2	23,037,750.72	24.58			23,037,750.72
Total	93,727,261.61	---	1,481,594.01	---	92,245,667.60

#### A. Separate provision for bad debts

Name	Ending Balance			
	Accounts Receivable	Bad Debt Provision	Provision Ratio	Provision Reason
Beijing Xidan spicy town food limited	996,000.00	996,000.00	100.00	expected unrecoverable
Beijing Rongfa Lida Grain and Oil Trade Co., Ltd.	163,143.00	163,143.00	100.00	expected unrecoverable
Others	165,116.50	165,116.50	100.00	expected unrecoverable
Total	1,324,259.50	1,324,259.50	---	---

#### B. Portfolio provision for bad debts

##### 1. Portfolio provision: aging portfolio

Name	Ending Balance			Beginning Balance		
	Accounts receivable	Bad Debt Provision	Provision Ratio	Accounts receivable	Bad Debt Provision	Provision Ratio
Within 1 Year (including 1 year)	65,611,523.16	34,531.93		69,026,628.09	7,466.13	
Among them: Within the credit (within 3 months)	63,884,932.01		0	68,653,321.59		0
Credit period to 1 year	1,726,591.15	34,531.93	2	373,306.50	7,466.13	2
1 to 2 years (including 2 years)	8,594,045.46	429,702.27	5	137,267.48	6,863.37	5
2 to 3 years (including 3 years)			20	31,789.50	6,357.90	20

Name	Ending Balance			Beginning Balance		
	Accounts receivable	Bad Debt Provision	Provision Ratio	Accounts receivable	Bad Debt Provision	Provision Ratio
3 to 4 years (including 4 years)			50	45,270.42	22,635.21	50
4 to 5 years (including 5 years)	18,711.89	14,969.51	80	51,420.00	41,136.00	80
More than 5 years	105,000.00	105,000.00	100	72,000.00	72,000.00	100
<b>Total</b>	<b>74,329,280.51</b>	<b>584,203.71</b>		<b>69,364,375.49</b>	<b>156,458.61</b>	

## 2. Portfolio provision: related parties portfolio

Name	Ending Balance			Beginning Balance		
	Accounts receivable	Bad Debt Provision	Provision Ratio	Accounts receivable	Bad Debt Provision	Provision Ratio
Related parties portfolio	8,949,017.82			23,037,750.72		
<b>Total</b>	<b>8,949,017.82</b>			<b>23,037,750.72</b>		

## 3. details of bad debt provision

Items	Beginning Balance	The amount changed for the period				Ending Balance
		Addition	Withdrawal or reversal	Write-off	Other changes	
Bad debt provision on individual basis	1,325,135.40		875.90			1,324,259.50
Credit impairment loss	156,458.61	446,165.10		18,420.00		584,203.71
<b>Total</b>	<b>1,481,594.01</b>	<b>446,165.10</b>	<b>875.90</b>	<b>18,420.00</b>		<b>1,908,463.21</b>

## 4. Accounts receivable actually written off in the current period

Items	Write-off amount
Actual amount	18,420.00

During the period, the board of directors approved to write off the Beijing branch of Hainan Food Holdings Co., Ltd. and to write off the uncollectible receivables.

## 5. Accounts Receivable of the Top 5 Balances Collected by Debtors at the End of the Period

Debtors	Accounts receivable	Ratio of total accounts receivable (%)	Aging	Whether related	Bad Debt Provision
Tangshan Caofeidian District Finance Bureau	25,997,336.04	30.73	Within 3 months, 1-2 years	No	374,974.00

Debtors	Accounts receivable	Ratio of totalaccounts receivable (%)	Aging	Whethe r related	Bad Debt Provision
Zhejiang Lvqin Supply Chain Management Co., Ltd.	9,215,135.62	10.89	Within 3 months	No	
Wumart South Development Co., Ltd.	4,459,551.94	5.27	4-12 months	No	30,502.52
Shanghai Laiyifen Co.,Ltd.	3,446,650.77	4.07	Within 3 months	No	
Feed Branch of Beijing Sanyuan Seed Technology Co., Ltd.	3,000,236.98	3.55	Within 3 months	No	
<b>Total</b>	<b>46,118,911.35</b>	<b>54.51</b>	—	—	<b>405,476.52</b>

## 5. Advanced Payment

(1) Advances are presented by age

Aging	Ending Balance		Beginning Balance	
	Amount	Ratio(%)	Amount	Ratio(%)
Within 1 year (including 1 year)	87,713,762.15	99.90	282,123,364.15	99.96
1 to 2 years (including 2 years)	90,000.00	0.10	88,505.90	0.03
2 to 3 years (including 3 years)				
More than 3 years			23,100.00	0.01
<b>Total</b>	<b>87,803,762.15</b>	<b>100.00</b>	<b>282,234,970.05</b>	<b>100.00</b>

(2) Advance payment of the top five Ending Balances by prepaid objects

Debtor Name	Ending Balance	Ratio of the total ending balance of prepayments (%)
TIANJIN CUSTOMS DISTRICT P.R.CHINA	31,704,415.67	36.11
Sinograin Oils Corporation	12,362,849.07	14.08
Ahcof International Development Co., Ltd.	11,037,512.77	12.57
Cargill Ventures (China) Co., Ltd.	9,540,000.00	10.87
Louis Dreyfus (Tianjin) International Trade Co., Ltd	6,603,326.46	7.52
<b>Total</b>	<b><u>71,248,103.97</u></b>	<b><u>81.15</u></b>

## 6. Other Receivables

### A. Overview

(1) Classification

Item(s)	Ending Balance	Beginning Balance
Interest Receivable		
Dividend Receivable		
Other Receivables	284,756,636.27	541,905,656.97
Total	284,756,636.27	541,905,656.97

### B. Other Receivables

(1) Disclosed according to aging

Aging	Ending Balance
Within 1 Year (including 1 year)	283,134,947.28
Among them: Within the credit (within 3 months)	211,108,084.83
Credit period to 1 year	72,026,862.45
1 to 2 years (including 2 years)	885,837.00
2 to 3 years (including 3 years)	213,638.00
3 to 4 years (including 4 years)	99,713.99
4 to 5 years (including 5 years)	130,000.00
More than 5 years	393,197.85
Sub-Total	284,857,334.12
Less Bad Debt provision	100,697.85
Total	284,756,636.27

(2) Classification of other receivables by nature of funds

Nature of Funds	Book Balance at End of Period	Book Balance at Beginning of Year
Guaranteed Deposit and Deposit	277,445,730.08	535,330,041.21
Intercourse Funds of Units	6,142,777.03	5,472,834.58
Employee Receivables	755,783.37	532,115.87
Tax Refund Receivables	363,103.93	302,433.21
Personal Intercourse Funds		50,000.00
Others	149,939.71	274,695.69
Total	284,857,334.12	541,962,120.56

C. Details about allowance for bad debt

Provision for bad debt	Stage 1	Stage 2	Stage 3	Total

	Expected credit loss in the next 12 months	Expected credit loss for the whole period (no credit impairment)	Expected credit loss for the whole period (with credit impairment)	
Amount on 1 <sup>st</sup> January 2021	6,463.59		50,000.00	56,463.59
Carrying amount on 1 <sup>st</sup> January 2021 that in this period:				
——Get into Stage 2				
——Get into Stage 3				
——Get back to Stage 2				
——Get back to Stage 1				
Provision for the period	94,234.26			94,234.26
Reverse for the period				
Transfer for the period				
Write off for the period			50,000.00	50,000.00
Other changes				
Amount on 31 <sup>st</sup> December 2021	100,697.85			100,697.85

#### D. Details of bad debt provision

Type	Carrying amount at the beginning	Amount changes for the period				Carrying amount at the end
		Addition	Withdrawal or reversal	Write-off	Other changes	
Credit impairment loss	56,463.59	94,234.26		50,000.00		100,697.85
Total	56,463.59	94,234.26		50,000.00		100,697.85

#### E. Other receivables actually written off in the current period

Items	Write-off amount
Actual amount	50,000.00

During the period, the board of directors approved to write off the Beijing branch of Hainan Food Holdings Co., Ltd. and to write off the uncollectible receivables

F. Other receivables according to top five of balance at end of period collected by debtors

Name of Organization	Nature of Funds	Balance at End of Period	Aging	Proportion overall balance of receivables (%)	in ending other bad debt reserves
Zhongtian Futures Co. Ltd	Futures margin	94,315,663.80	Within 1 year	33.11	
Haitong Futures Co., Ltd	Futures margin	89,987,154.70	Within 1 year	31.59	
Sdic Cgog Futures Co., Ltd.	Futures margin	28,434,143.60	Within 1 year	9.98	
Dalian Commodity Exchange	Futures margin	23,269,880.00	Within 1 year	8.17	
ADM International Sarl	Futures margin	19,127,100.00	Within 1 year	6.71	
Total	—	255,133,942.10	—	89.57	

G. Receivables related to government grants

Name of the grant company	Name of government grants	Carrying amount at the end	Aging at the end of the period	Time, amount and evidence of expected collection
Tax Bureau of Linan District, Hangzhou, Zhejiang Province	Refund of VAT	363,103.93	Within 3 months	All amount will be collected in January 2022, the company always qualify for tax refund policy for disabled person
Total	—	363,103.93	—	—

**7. Inventory**

(1) Inventory Category

Items	Ending Balance			Beginning Balance		
	Book Balance	Falling Price Reserves	Book Value	Book Balance	Falling Price Reserves	Book Value
Raw Materials	120,983,829.85	120,997.67	120,862,832.18	303,448,302.51		303,448,302.51
Revolving Materials	5,247,229.29		5,247,229.29	5,520,559.22		5,520,559.22
Goods and materials in transit	522,101,505.11		522,101,505.11	36,413,482.38		36,413,482.38
Inventory goods	1,007,319,237.46	355,731.86	1,006,963,505.60	622,783,856.56	233,790.56	622,550,066.00

Items	Ending Balance			Beginning Balance		
	Book Balance	Falling Price Reserves	Book Value	Book Balance	Falling Price Reserves	Book Value
Development cost				2,415,243.42		2,415,243.42
Developing commodities				5,315,696.54	1,539,741.69	3,775,954.85
Commission processing				2,762,633.88		2,762,633.88
Replacement of o reserve	248,197,500.00		248,197,500.00	248,197,500.00		248,197,500.00
Total	1,903,849,301.71	476,729.53	1,903,372,572.18	1,226,857,274.51	1,773,532.25	1,225,083,742.26

(2) Inventory Falling Price Reserves and provision for impairment of contract performance costs

Items	Balance at Beginning of Year	Increased Amounts in the Current Period		Decreased Amounts in the Current Period		Balance at End of Period
		Accrual	Others	Recover or Charge Off	Others	
Stock Goods	233,790.56	185,390.40		63,449.10		355,731.86
Develop Products	1,539,741.69				1,539,741.69	
Raw material		120,997.67				120,997.67
In total	1,773,532.25	306,388.07		63,449.10	1,539,741.69	476,729.53

Note: the basis for the provision of depreciation is the market quotation of the world granary website. The other reason is that the development commodities are adjusted to the investment real estate, and the corresponding price adjustment is adjusted synchronously.(

(3) Stock Goods listed by major product type

Items	Ending Balance			Beginning Balance		
	Book Balance	Falling Price Reserves	Book Value	Book Balance	Falling Price Reserves	Book Value
Grease and oils	975,554,568.82	170,341.46	975,384,227.36	594,886,731.71	233,790.56	594,652,941.15
Food	31,764,668.64	185,390.40	31,579,278.24	27,880,182.78		27,880,182.78
Others				16,942.07		16,942.07

Items	Ending Balance			Beginning Balance		
	Book Balance	Falling Price Reserves	Book Value	Book Balance	Falling Price Reserves	Book Value
Total	1,007,319,237.46	355,731.86	1,006,963,505.60	622,783,856.56	233,790.56	622,550,066.00

#### 8. Non-current assets due within one year

Items	Balance at End of Period	Balance at Beginning of Period
Three-year term deposits	156,139,100.00	
In total	156,139,100.00	

#### 9. Other Current Assets

Items	Balance at End of Period	Balance at Beginning of Period
Financial Products	742,800,000.00	280,000,000.00
Pre-paid Taxes and Fees	1,192,806.93	16,921,026.50
Pending Deduct VAT Input Tax	13,930,489.13	46,701,271.74
Fair Value Changes of Items Trapped at Hedging	62,577,325.41	501,828,380.12
In total	820,500,621.47	845,450,678.36

#### 10. Long-term Equity Investment

Invested Unit	Balance at Beginning of Year	Increase or Decrease in the Current Period		
		Additional Investment	Negative Investment	Confirmed Profit and Loss on Investment under Equity Law
1. Cooperative Enterprise				
Beijing CHIA TAI Feedmill Limited	90,824,898.49			21,297,148.65
Sub-total	90,824,898.49			21,297,148.65
2. Joint Venture				
China Grain Reserves (Tianjin) Warehouse Logistics Co., Ltd.	119,601,316.43			16,973,446.46
Jingliang Mismi Catering Management (Beijing) Co., Ltd.	7,336,272.87			-448,014.87
Sub-total	126,937,589.30			16,525,431.59
Total	217,762,487.79			37,822,580.24



(Continued)

Increase or Decrease in the Current Period					Balance at End of Period	Ending Balance of Impairment Reserves
Adjustment of other comprehensive income	Other changes in equity	Announce to Distribute Case Dividends or Profits	Accrual of Impairment Reserves	Others		
-105,630.50					112,016,416.64	
-105,630.50					112,016,416.64	
		-24,680,000.00			111,894,762.89	
					6,888,258.00	
		-24,680,000.00			118,783,020.89	
-105,630.50		-24,680,000.00			230,799,437.53	

### 11. Other equity instruments investment

Item	Ending Balance	Beginning Balance
Chongqing long jinbao network technology co. LTD	20,000,000.00	20,000,000.00
China Net Technology Investment Co., Ltd		
Hainan General Chamber of Commerce		
Total	20,000,000.00	20,000,000.00

### 12. Investment Real Estate

#### (1) Investment Real Estate Adopting Cost Measurement Model

Items	Buildings	Land Use Right	Projects under Construction	Total
One. Original Book Value				
1. Balance at Beginning of Year	53,844,801.60			53,844,801.60
2. Increased Amounts in the Current Period				
(1) Outsourcing				
(2) Inventory transfer				
(3) Others				
3. Decreased Amounts in the Current Period				
(1) Disposal				

Items	Buildings	Land Use Right	Projects under Construction	Total
(2) Other transfer out				
4. Balance at End of Period	53,844,801.60			53,844,801.60
Two. Accumulated Impairment and Accumulated Amortization				
1. Balance at Beginning of Year	20,696,792.40			20,696,792.40
2. Increased Amounts in the Current Period	1,634,528.94			1,634,528.94
(1) Accrual or Amortization	1,634,528.94			1,634,528.94
3. Decreased Amounts in the Current Period				
(1) Disposal				
(2) Other transfer out				
4. Balance at End of Period	22,331,321.34			22,331,321.34
Three. Impairment Reserves				
1. Balance at Beginning of Year	10,587,796.70			10,587,796.70
2. Increased Amounts in the Current Period				
(1) Accrual				
(2) Inventory transfer				
3. Decreased Amounts in the Current Period				
(1) Disposal				
(2) Other transfer out				
4. Balance at End of Period	10,587,796.70			10,587,796.70
Four. Book Value				
1. Book Value at End of Period	20,925,683.56			20,925,683.56
2. Book Value at Beginning of Year	22,560,212.50			22,560,212.50

### 13. Fixed Assets

#### 1. Overview

##### (1) Classification

Items	Balance at End of Period	Balance at Beginning of Year
Fixed Assets	1,120,758,409.49	1,131,143,854.07

Items	Balance at End of Period	Balance at Beginning of Year
Disposal of Fixed Assets		
In total	1,120,758,409.49	1,131,143,854.07

## 2. Fixed Assets

### (1) Fixed Assets Situation

Items	Buildings	Machinery Equipment	Transportation Equipment	Electronic Equipment	Office Equipment	Others	Total
One. Original Book Value							
1. Balance at Beginning of Year	1,078,081,803.33	749,741,236.96	21,309,684.25	12,169,795.89	6,663,883.31	1,982,310.67	1,869,948,714.41
2. Increased Amounts in the Current Period	42,680,307.70	42,033,084.81	1,802,302.05	919,994.36	621,378.05	108,733.24	88,165,800.21
(1) Purchase	1,039,623.58	7,384,654.28	1,802,302.05	919,994.36	621,378.05	108,733.24	11,876,685.56
(2) Roll-in of Project under Construction	36,324,987.58	34,648,430.53					70,973,418.11
(3) Roll-in of inventory	5,315,696.54						5,315,696.54
3. Decreased Amounts in the Current Period	891,569.09	2,922,000.97	2,085,057.38	687,299.34	147,651.28	449,747.42	7,183,325.48
(1) Disposal or Scrap	891,569.09	2,922,000.97	2,085,057.38	687,299.34	147,651.28	449,747.42	7,183,325.48
4. Balance at End of Period	1,119,870,541.94	788,852,320.80	21,026,928.92	12,402,490.91	7,137,610.08	1,641,296.49	1,950,931,189.14
Two. Accumulated Impairment							
1. Balance at Beginning of Year	339,519,183.27	364,190,293.60	14,229,852.32	7,539,317.97	5,075,816.87	665,353.83	731,219,817.86
2. Increased Amounts in the Current Period	39,480,369.58	52,269,780.02	1,448,240.33	1,413,475.10	567,746.97	125,917.77	95,305,529.77
(1) Accrual	39,480,369.58	52,269,780.02	1,448,240.33	1,413,475.10	567,746.97	125,917.77	95,305,529.77
3. Decreased Amounts in the Current Period	148,227.91	2,404,765.02	1,953,615.85	628,850.09	140,755.67	199,225.17	5,475,439.71
(1) Disposal or Scrap	148,227.91	2,404,765.02	1,953,615.85	628,850.09	140,755.67	199,225.17	5,475,439.71

Items	Buildings	Machinery Equipment	Transportation Equipment	Electronic Equipment	Office Equipment	Others	Total
4. Balance at End of Period	378,851,324.94	414,055,308.60	13,724,476.80	8,323,942.98	5,502,808.17	592,046.43	821,049,907.92
Three. Impairment Reserves							
1. Balance at Beginning of Year	7,508,217.44	76,825.04					7,585,042.48
2. Increased Amounts in the Current Period	1,539,741.69						1,539,741.69
(1) Accrual							
(2) Roll-in of inventory	1,539,741.69						1,539,741.69
3. Decreased Amounts in the Current Period		1,912.44					1,912.44
(1) Disposal or Scrap		1,912.44					1,912.44
4. Balance at End of Period	9,047,959.13	74,912.60					9,122,871.73
Four. Book Value							
1. Book Value at End of Period	731,971,257.87	374,722,099.60	7,302,452.12	4,078,547.93	1,634,801.91	1,049,250.06	1,120,758,409.49
2. Book Value at Beginning of Year	731,054,402.62	385,474,118.32	7,079,831.93	4,630,477.92	1,588,066.44	1,316,956.84	1,131,143,854.07

(2) Fixed assets without property right certificate

Project	Book Value	Reasons for failure to complete certificate of title
Buildings	2,236,948.76	No title certificate for auxiliary assets

## 14. Project under Construction

### 1. Overview

#### (1) Classification

Items	Balance at End of Period	Balance at Beginning of Year
Project under Construction	11,220,840.10	28,458,413.67
Total	11,220,840.10	28,458,413.67

### 2. Project under Construction

#### (1) Situation of Project under Construction

Items	Balance at End of Period			Balance at Beginning of Year		
	Book Balance	Impairment Reserves	Book Value	Book Balance	Impairment Reserves	Book Value
1. roasted potato supporting automation line project				6,986,820.05		6,986,820.05
2. Walnut cake production line of No.2 plant	4,234,344.00		4,234,344.00	4,780,643.33		4,780,643.33
3. slope treatment project of No.3 plant	3,584,245.07		3,584,245.07	3,565,377.15		3,565,377.15
4. add two 4D Corn Flake production lines				3,207,668.25		3,207,668.25
5. 32,400 tons of oil tank and terminal oil pipeline project				2,869,993.38		2,869,993.38
6. 2600bph project of packaging oil 10L production line				2,809,734.52		2,809,734.52
7. New production line of small fried compound potato chips in leisure No.1 Factory				1,784,537.82		1,784,537.82
8. New production line of fried potato chips	2,038,825.39		2,038,825.39			
9. Fried potato chips automation transformation project and others				1,552,470.00		1,552,470.00
10. Others	1,363,425.64		1,363,425.64	901,169.17		901,169.17
<b>Total</b>	<b>11,220,840.10</b>		<b>11,220,840.10</b>	<b>28,458,413.67</b>		<b>28,458,413.67</b>

(2) Change Condition of Important Engineering Projects under Construction in the Current Period

Project Name	Balance at Beginning of Year	Increased Amounts in the Current Period	Roll-in Fixed Assets Amount in the Current Period	Other Decreased Amounts in the Current Period	Balance at End of Period
Baked potato supporting automation line project	6,986,820.05	7,468,869.13	14,455,689.18		
Walnut cake production line of No.2 factory	4,780,643.33	1,525,769.90	2,072,069.23		4,234,344.00
Slope treatment project of No.3 Factory	3,565,377.15	18,867.92			3,584,245.07
Two new 4D Corn Flake production lines	3,207,668.25	1,939,772.10	5,147,440.35		
32400 ton oil tank and wharf oil pipeline project	2,869,993.38	30,888,177.59	33,758,170.97		
2600bph project of packaging oil 10L production line	2,809,734.52		2,809,734.52		
Production line of baked potato workshop in No.2 factory	1,784,537.82	790,120.35	2,574,658.17		
Fried potato chips automation transformation project and others	1,552,470.00	738,638.94	2,291,108.94		
New production line of fried potato chips		2,038,825.39			2,038,825.39
<b>Total</b>	<b>27,557,244.50</b>	<b>45,409,041.32</b>	<b>63,108,871.36</b>		<b>9,857,414.46</b>

(3) There was no provision for impairment of Project under Construction during the period.

### 15. Right-of-use asset

Items	Buildings	Transportation Equipment	Land Use Right	In total
One Original Book Value				
1. Balance at Beginning of Year	2,614,541.09	202,276.99	4,970,592.00	7,787,410.08
2. Increased Amounts in the Current	1,808,764.67			1,808,764.67

Items	Buildings	Transportation Equipment	Land Use Right	In total
Period				
(1) Lease	1,808,764.67			1,808,764.67
3. Decreased Amounts in the Current Period				
(1) Expiration of the lease or change the lease term				
4. Balance at End of Period	4,423,305.76	202,276.99	4,970,592.00	9,596,174.75
Two Accumulated Depreciation				
1. Balance at Beginning of Year				
2. Increased Amounts in the Current Period	1,337,882.83	99,917.64	112,968.00	1,550,768.47
(1) Accrual	1,337,882.83	99,917.64	112,968.00	1,550,768.47
3. Decreased Amounts in the Current Period				
Lease expiration or change				
4. Balance at End of Period	1,337,882.83	99,917.64	112,968.00	1,550,768.47
Three Impairment Reserves				
1. Balance at Beginning of Year				
2. Increased Amounts in the Current Period				
(1) Accrual				
3. Decreased Amounts in the Current Period				
(1) Disposal				
4. Balance at End of Period				
Four Book Value				
1. Book Value at End of Period	3,085,422.93	102,359.35	4,857,624.00	8,045,406.28
2. Book Value at Beginning of Year	2,614,541.09	202,276.99	4,970,592.00	7,787,410.08

## 16. Intangible Assets

### (1) Intangible Assets Situation

Items	Software	Land Use Right	Trademark Right	Others	In total
One Original Book Value					
1. Balance at Beginning of Year	4,333,374.75	316,407,869.54	154,841,200.00	689,220.00	476,271,664.29

Items	Software	Land Use Right	Trademark Right	Others	In total
2. Increased Amounts in the Current Period	660,369.00				660,369.00
(1) Purchase	660,369.00				660,369.00
3. Decreased Amounts in the Current Period				26,820.00	26,820.00
(1) Disposal				26,820.00	26,820.00
4. Balance at End of Period	4,993,743.75	316,407,869.54	154,841,200.00	662,400.00	476,905,213.29
Two Accumulated Amortization					
1. Balance at Beginning of Year	3,597,758.64	61,830,987.64	56,035,371.69	5,811.00	121,469,928.97
2. Increased Amounts in the Current Period	284,814.28	6,809,477.31	7,713,925.86	1,788.00	14,810,005.45
(1) Accrual	284,814.28	6,809,477.31	7,713,925.86	1,788.00	14,810,005.45
3. Decreased Amounts in the Current Period				7,599.00	7,599.00
(1) Disposal				7,599.00	7,599.00
4. Balance at End of Period	3,882,572.92	68,640,464.95	63,749,297.55	-	136,272,335.42
Three Impairment Reserves					
1. Balance at Beginning of Year				662,400.00	662,400.00
2. Increased Amounts in the Current Period					
(1) Accrual					
3. Decreased Amounts in the Current Period					
(1) Disposal					
4. Balance at End of Period				662,400.00	662,400.00
Four Book Value					
1. Book Value at End of Period	1,111,170.83	247,767,404.59	91,091,902.45		339,970,477.87
2. Book Value at Beginning of Year	735,616.11	254,576,881.90	98,805,828.31	21,009.00	354,139,335.32

## 17. Goodwill

### (1) Original Book Value of Goodwill

Name of Invested Unit or Items	Balance at Beginning of	Increase in the Current Period	Decrease in the Current Period	Balance at End of
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Forming Goodwill	Year	Formed by Enterprise Merger	Others	Disposal	Others	Period
Acquire stock shares of Zhejiang Xiaowangzi Food Co., Ltd.	191,394,422.51					191,394,422.51
In total	191,394,422.51					191,394,422.51

## (2) Relevant information about the group or groups of assets that include goodwill

Book value of goodwill	Asset group or portfolio of asset groups			
	Main components	Book value	Determination method	Is there any change in the current period
191,394,422.51	Fixed assets, investment real estate, intangible assets, construction in progress, etc	835,262,103.15	Income method	No

Note: Taking December 31, 2021 as the base date of evaluation, Beijing Jinggrain Food Co., Ltd. conducted impairment tests on the goodwill I formed by the acquisition of the equity of Zhejiang Little Prince Food Co., Ltd. The book value of the asset group including goodwill was 835.26 million yuan, and the recoverable amount was no less than 843.20 million yuan. The test results showed that there was no impairment of goodwill.

The component of group or groups of assets: impairment test for goodwill related asset as group of asset, main cash in is independent from cash in of other group of assets, this group of assets should be consistent with the group of assets that was recognized in the impairment test of goodwill on acquisition date and previous years.

## (3) Recognition method of goodwill impairment loss and process, key assumptions and key parameters of goodwill test

1) At the end of the period, the company performed an impairment test on the asset group related to goodwill. When performing an impairment test on a related asset group or asset group combination that includes goodwill, if there is an impairment of the asset group or asset group combination related to goodwill. If there are signs, an impairment test is performed on the asset group or combination of asset groups that does not include goodwill, and the recoverable amount is calculated and compared with the book value to confirm the corresponding impairment loss. Then perform an impairment test on the asset group or asset group combination that includes goodwill, and compare the book value of the asset group or asset group combination that contains the distributed goodwill with its recoverable amount. If the relevant asset group or asset group combination is

recoverable, The amount is lower than its book value, and the impairment loss of goodwill is recognized.

2) Important key assumptions adopted and their basis: 1. As for the actual situation of assets on the evaluation base date, it is assumed that the company continues to operate; 2. Assume that the cash inflows rated as units after the evaluation base date are uniform inflows, and cash outflows are uniform outflows; 3. On the basis of the existing management methods and management levels, the company's business scope and methods are consistent with the current direction; 4. There will be no major changes in the interest rates, exchange rates, taxation benchmarks and tax rates, and policy levy fees; 5. The management of the unit being assessed is responsible, stable and capable of performing its duties.

3) Key parameter

Item	Forecast period	Revenue growth rate over the forecast period	Revenue growth rate over the stable period	Profit margin	Pre-tax discount rate
Zhejiang Little Prince Food Co., Ltd.	2022 to 2025	2.10%	0	Calculated based on forecasted revenue, costs, expenses, etc.	15.47%

(4) Impact of goodwill impairment test

After testing, the company's goodwill formed by the acquisition of the operating asset group of Zhejiang Little Prince Food Co., Ltd. is not impaired.

**18. Long-term Unamortized Expenses**

Items	Balance at Beginning of Year	Increased Amounts in the Current Period	Amortized Amounts in the Current Period	Other Decreased Amounts	Balance at End of Period
Reconstruction of majuqiao plant	14,888,320.13		674,188.08		14,214,132.05
Amortization of laboratory decoration costs		1,837,732.69	26,601.98		1,811,130.71
Factory No.3 compartment maintenance		604,558.74			604,558.74
Housing renovation	576,660.38	275,532.06	98,195.53		753,996.91
Total	15,464,980.51	2,717,823.49	798,985.59		17,383,818.41

**19. Deferred Income Tax Assets/Deferred Income Tax Liabilities**

(1) Deferred Income Tax Assets Not Being Offset

Items	Balance at End of Period		Balance at Beginning of Year	
	Deductible Temporary Difference	Deferred Income Tax Assets	Deductible Temporary Difference	Deferred Income Tax Assets
Asset Impairment Reserves	560,563.61	140,140.91	254,446.99	63,611.73
Lease liabilities	196,089.81	49,022.46		
Deductible Loss			30,360,671.96	7,590,167.99
Credit impairment Loss	1,808,563.08	452,140.67	1,368,158.01	341,929.04
Deferred Income	12,097,654.47	3,024,413.62	10,722,337.40	2,680,584.35
Wages payable	5,677,134.00	1,419,283.50	5,677,134.00	1,419,283.50
Valuation of Financial Instruments and Derivative Financial Instruments	33,944,248.10	8,486,062.03		
In total	54,284,253.07	13,571,063.19	48,382,748.36	12,095,576.61

**(2) Details of Deferred Income Tax Liabilities Not Being Offset**

Items	Balance at End of Period		Balance at Beginning of Year	
	Taxable Temporary Difference	Deferred Income Tax Liabilities	Taxable Temporary Difference	Deferred Income Tax Liabilities
Valuation and appreciation of assets in merger of enterprises not under the same control	154,787,977.45	38,696,994.37	164,849,010.97	41,212,252.73
Valuation of Financial Instruments and Derivative Financial Instruments	26,215,702.16	6,553,925.54	130,600,895.97	32,652,310.83
Total	181,003,679.61	45,250,919.91	295,449,906.94	73,864,563.56

**(3)Details of Deferred Income Tax Liabilities after Offset**

Items	Offsetting amount of deferred assets and liabilities	Carrying amount of after offsetting tax assets and liabilities	offsetting amount of deferred tax assets and liabilities at the end of last period	Carrying amount after offsetting between deferred tax assets and liabilities at the end of last period
Deferred tax asset		13,571,063.19	8,748,762.34	3,346,814.27
Deferred tax liabilities		45,250,919.91	8,748,762.34	65,115,801.22

**(4)Details of Deferred Income Tax Assets Not Being Confirmed**

Items	Balance at End of Period	Balance at Beginning of Year
Deductible temporary differences	200,597.85	33,884.15
Deductible Loss	107,793,038.93	100,248,841.85
In total	107,993,636.78	100,282,726.00

**(5)Deductible loss on deferred income tax assets not being confirmed will be due at the following years**

Year	Balance at End of Period	Balance at Beginning of Year	Notes
2021		4,504,020.42	
2022	4,021,787.39	4,021,787.39	
2023	19,123,515.53	19,123,515.53	
2024	47,153,825.45	47,484,926.46	
2025	25,114,592.05	25,114,592.05	
2026	12,379,318.51		
Total	107,793,038.93	100,248,841.85	

## 20. Other Non-current Assets

Items	Ending Balance			Beginning Balance		
	Book balance	Provis ion for impair ment	Book value	Book balance	Provision for impairme nt	Book value
Equipment and Project Funds				2,517,240.00		2,517,240.00
Three-year term deposit	189,741,996.74		189,741,996.74	317,222,341.67		317,222,341.67
Total	189,741,996.74		189,741,996.74	319,739,581.67		319,739,581.67

## 21. Short-term Borrowings

### (1) Classification of Short-term Borrowings

Items	Balance at End of Period	Balance at Beginning of Year
Guaranteed Loan	23,262,063.93	105,088,229.17
Fiduciary Loan	1,498,407,537.42	1,392,325,849.88
In total	1,521,669,601.35	1,497,414,079.05

## 22. Derivative financial liability

Item	Ending balance	Beginning balance
Changes in fair value of hedging instruments	70,305,871.37	371,219,136.84
Total	70,305,871.37	371,219,136.84

### 23. Accounts Payable

#### (1) Accounts Payable Listed

Items	Balance at End of Period	Balance at Beginning of Year
Material Funds Payable	176,725,835.45	60,908,293.40
Project Funds Payable	7,291,515.18	12,181,233.26
Equipment Funds Payable	1,746,573.40	1,182,750.00
Others	984,822.39	1,111,798.73
In total	186,748,746.42	75,384,075.39

### 24. Advance payment

#### (1) Advance payment Listed

Items	Balance at End of Period	Balance at Beginning of Year
Advance collection of rent	996,173.41	1,087,874.02
In total	996,173.41	1,087,874.02

### 25. Contract liabilities

#### (1) Classification of contract liabilities

Items	Balance at End of Period	Balance at Beginning of Year
Loans	520,816,995.93	341,860,984.30
Service payment		5,013,276.60
In total	520,816,995.93	346,874,260.90

### 26. Wages Payable

#### (1) List of Wages Payable

Items	Balance at Beginning of Year	at of	Increase in the Current Period	Decrease in the Current Period	Balance at End of Period
One Short-term Compensation	32,098,807.71		325,952,837.77	317,293,973.00	40,757,672.48
Two After-service Welfare-Set up ESP liabilities	1,246,329.23		31,654,445.70	31,527,796.92	1,372,978.01
Three Dismission Welfare			503,074.27	503,074.27	

Items	Balance at Beginning of Year	at of Increase in the Current Period	Decrease in the Current Period	Balance at End of Period
In total	33,345,136.94	358,110,357.74	349,324,844.19	42,130,650.49

### (2) List of Short-term Compensation

Items	Balance at Beginning of Year	at of Increase in the Current Period	Decrease in the Current Period	Balance at End of Period
1. Wage, Bonus, Allowance and Subsidy	28,101,795.99	276,304,575.40	267,577,018.99	36,829,352.40
2. Welfare Expense of Employee	20.00	9,220,188.74	9,220,188.74	20.00
3. Social Insurance Expense	683,142.38	19,597,336.49	19,413,440.99	867,037.88
Among them: Medical Insurance Premiums	579,700.06	17,959,986.89	17,772,707.33	766,979.62
Industrial Injury Insurance Premiums	52,319.34	1,046,126.00	1,033,071.93	65,373.41
Birth Insurance Premiums	50,718.04	440,079.57	456,112.76	34,684.85
Others	404.94	151,144.03	151,548.97	
4. Housing Provident Funds	294,633.05	15,146,374.28	15,311,842.10	129,165.23
5. Labor Union Expense and Personnel Education Fund	3,019,216.29	5,684,362.86	5,771,482.18	2,932,096.97
In total	32,098,807.71	325,952,837.77	317,293,973.00	40,757,672.48

### (3) List of Stated Drawings Plan

Items	Balance at Beginning of Year	at of Increase in the Current Period	Decrease in the Current Period	Balance at End of Period
1. Basic Pension Insurance	1,173,795.55	27,100,169.39	26,992,049.18	1,281,915.76
2. Unemployment Insurance Expense	36,450.79	981,723.01	973,698.64	44,475.16
3. Enterprise Annuity Charges	36,082.89	3,572,553.30	3,562,049.10	46,587.09
Total	1,246,329.23	31,654,445.70	31,527,796.92	1,372,978.01

### 27. Taxes and Fees Payable

Items	Balance at End of Period	Balance at Beginning of Year
Corporate Income Tax	74,174,903.15	21,972,563.71

Items	Balance at End of Period	Balance at Beginning of Year
VAT	23,320,246.23	20,557,653.24
Urban Maintenance and Construction Tax	1,876,669.91	1,662,803.83
House Property Tax	2,302,350.63	2,330,072.39
Land Use Tax	176,087.89	1,203,859.39
Individual Income Tax	671,107.90	1,681,176.51
Educational Surtax	760,843.86	663,399.57
Local Educational Surtax	559,372.28	494,409.45
Stamp Tax	500,830.44	314,395.32
Environmental protection tax	5,193.36	3,737.44
Water conservancy construction fee	247.04	143.79
In total	104,347,852.69	50,884,214.64

## 28. Other Accounts Payable

### A. Overview

#### (1) Classification

Items	Balance at End of Period	Balance at Beginning of Year
Interest Payable	21,082,795.47	21,082,795.47
Dividends Payable	3,213,302.88	11,013,302.88
Other Accounts Payable	49,689,488.04	40,196,782.89
In total	73,985,586.39	72,292,881.24

### B. Interest Payable

#### (1) Classification

Items	Balance at End of Period	Balance at Beginning of Year
Loan Interest between Enterprises	21,082,795.47	21,082,795.47
In total	21,082,795.47	21,082,795.47

### C. Dividends Payable

#### (1) Classification

Items	Balance at End of Period	Balance at Beginning of Year
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Items	Balance at End of Period	Balance at Beginning of Year
Common stock dividends		7,800,000.00
Others	3,213,302.88	3,213,302.88
In total	3,213,302.88	11,013,302.88

#### **D. Other Accounts Payable**

##### **(1) List of Other Accounts Payable by Nature of Funds**

Items	Balance at End of Period	Balance at Beginning of Year
Guaranteed Deposit and Deposit	25,053,238.93	16,271,518.35
Intercourse Funds between Units	9,931,464.29	13,468,108.09
Intercourse Funds of Related Parties	5,722,550.45	1,831,079.90
Personal Intercourse Funds	4,032,688.22	4,025,881.59
Various Insurances of Employee	2,768,202.89	2,102,370.03
Others	2,181,343.26	2,497,824.93
In total	49,689,488.04	40,196,782.89

#### **29. Non-current liabilities due within one year**

Item	End balance	Beginning balance
Current portion of lease liability	1,582,978.69	1,154,817.69
Total	1,582,978.69	1,154,817.69

#### **30. Other current liability**

##### **1. Other current liability statement**

Item	End balance	Beginning balance
Value-added tax to be written off	22,994,553.60	8,319,696.79
Total	22,994,553.60	8,319,696.79

#### **31. Long term borrowing**

Item	End balance	Beginning balance	Interest Rate
Guaranteed Loan	71,000,000.00		3.51%
Total	71,000,000.00		

#### **32. Lease liability**



Item	End balance	Beginning balance
Lease liability	1,694,702.62	1,459,723.40

### 33. Long term wage payable

#### (1)List of long-term wage payable

Items	Balance at End of Period	Balance at Beginning of Year
Net liabilities of defined benefit plan in post employment benefits		
Dismission Welfare		
Other Long-term Welfare	5,677,134.00	5,677,134.00
In total	5,677,134.00	5,677,134.00

### 34. Deferred Income

Items	Balance at Beginning of Year	Increase in the Current Period	Decrease in the Current Period	Balance at End of Period	Cause of Formation
Government Subsidy	68,716,699.34	129,467.73	3,601,667.59	65,244,499.48	
In total	68,716,699.34	129,467.73	3,601,667.59	65,244,499.48	--

Among them, items involving government subsidy are as follows:

Items Receiving Subsidy	Balance at Beginning of Year	Increase in the Current Period	Charge to other Profits	Other changes	Balance at End of Period	Asset related / income related
Enterprise foundation supporting in the construction stage of "Tianjin Lingang Industrial Zone Management Committee"	49,929,123.61		1,277,504.16		48,651,619.45	Asset related
Special subsidy for infrastructure investment	10,296,486.90		908,692.09		9,387,794.81	Asset related
The relocation compensation	4,232,401.96		384,763.82		3,847,638.14	Asset related
Tianjin Binhai New District's Industrially Technical Renovation and Park Construction	2,092,592.45		222,222.24		1,870,370.21	Asset related

Items Receiving Subsidy	Balance at Beginning of Year	Increase in the Current Period	Charge to other Profits	Other changes	Balance at End of Period	Asset related / income related
Funds as well as Expenditures for Science and Technology						
Key technology research and industrialization project of "moderate processing" of grain and oil	778,388.24		77,838.84		700,549.40	Asset related
Construction of provincial grain reserve information management system to form asset entry project	633,746.30		200,686.32		433,059.98	Asset related
Research and technology demonstration of green and clean production equipment and process for edible oil	450,000.00		450,000.00			Asset related
Design of electric heating system for oil tank	303,959.88		79,960.12		223,999.76	Asset related
Special subsidies for Beijing Reserve Granary Facility Maintenance		129,467.73			129,467.73	Asset related
In total	68,716,699.34	129,467.73	3,601,667.59		65,244,499.48	--

### 35. Share Capital

Items	Balance at Beginning of Year	Changes in the Current Period (+, -)					Balance at End of Period
		New Share Issue	Share Donation	Share Transfer of Provident Fund	Others	Sub-total	
1. Shares with Restricted Conditions	207,336,985.00				-164,877,598.00	-164,877,598.00	42,459,387.00
(1) State Shareholding							

Items	Balance at Beginning of Year	Changes in the Current Period (+, -)					Balance at End of Period
		New Share Issue	Share Donation	Share Transfer of Provident Fund	Others	Sub-total	
(2) State-owned Legal-person Shareholding	164,877,598.00				-164,728,098.00	-164,728,098.00	149,500.00
(3) Other Domestic Capital Shareholding	42,459,387.00				-149,500.00	-149,500.00	42,309,887.00
Including: Domestic Legal-person Shareholding	1,299,500.00				-149,500.00	-149,500.00	1,150,000.00
Domestic Natural Person Shareholding	41,159,887.00						41,159,887.00
(4) Foreign Shareholding							
Including: Foreign Legal-person Shareholding							
Foreign Natural Person Shareholding							
2. Tradable Shares without Restricted Conditions	519,613,266.00				164,877,598.00	164,877,598.00	684,490,864.00
(1) RMB Ordinary Shares	454,638,266.00				164,877,598.00	164,877,598.00	619,515,864.00
(2) Domestically Listed Foreign Shares	64,975,000.00						64,975,000.00
(3) Listed Foreign Shares Overseas							
(4) Others							
In total	726,950,251.00						726,950,251.00

### 36. Capital Reserves

Items	Balance at Beginning of Year	Increase in the Current Period	Decrease in the Current Period	Balance at End of Period
Capital Premium (Stock Premium)	1,322,887,986.38			1,322,887,986.38
Capital Reserves Roll-in Under Original System	112,316,357.36			112,316,357.36
Other Capital Reserves	239,624,007.21	1,090,000.00		240,714,007.21
In total	1,674,828,350.95	1,090,000.00		1,675,918,350.95

Note: The increase of capital reserve was due to the funds received from the parent company, Beijing Capital Agriculture Group, for technology projects of RMB1.09 million.





Items	Amounts Occurred in the Current Period								
	Balance at Beginning of Year	Amounts Occurred before Income Tax in the Current Period	Less: Comprehensive Incomes Charged at Earlier Stage and Current Roll-in Profit and Loss	Other	Less: included in other comprehensive income in the previous period and transferred to retained income in the current period	Less: Income Tax Expense	Attributable to Parent Company After Tax	Attributable to Minority Shareholders After Tax	Balance at End of Period
6. Converted difference between foreign currency financial statements	-8,046.66	-213,393.06					-213,393.06		-221,439.72
Total	-363,258.66	-319,023.56					-319,023.56		-682,282.22

### 38. Surplus Reserves

Items	Balance at Beginning of Year	Increase in the Current Period	Decrease in the Current Period	Balance at End of Period
Statutory Surplus Reserves	84,487,609.05			84,487,609.05
Free Surplus Reserves	37,634,827.93			37,634,827.93
In total	122,122,436.98			122,122,436.98

### 39. Undistributed Profit

Items	Amounts in the Current Period	Amounts in the Prior Period
Adjustment on undistributed profit at end of last year	187,033,763.26	2,186,806.56
Adjustment on total number of undistributed profit at beginning of period (increase+ and decrease-)		
Adjusted undistributed profit at beginning of period	187,033,763.26	2,186,806.56
Add: net profit attributable to parent company in the current period	204,459,771.08	184,846,956.70
Less: withdrawal legal surplus reserves		
Withdrawal free surplus reserves		
Withdrawal general risk reserves		
Ordinary stock dividends payable		
Ordinary stock dividends transferred to capital		
Undistributed profit at end of period	391,493,534.34	187,033,763.26

### 40. Operation Revenue and Operation Cost

#### (1) Operation Revenue and Operation Cost

Items	Amounts in the Current Period		Amounts in the Prior Period	
	Revenue	Cost	Revenue	Cost
Prime Business	11,728,067,785.65	11,016,949,345.82	8,697,572,481.21	8,071,341,928.74
Other Business	35,026,049.91	20,205,123.68	44,177,430.90	19,505,316.68
In total	11,763,093,835.56	11,037,154,469.50	8,741,749,912.11	8,090,847,245.42

#### (2) Prime Business (Industry and Business-classified)

Name of Industry	Amounts in the Current Period	Amounts in the Prior Period
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(or Business)	Revenue	Cost	Revenue	Cost
Oil and Oil Seeds	10,791,474,243.86	10,317,711,108.68	7,765,755,097.07	7,410,229,164.25
Food Processing	920,002,290.84	694,188,764.74	898,193,522.11	633,566,522.42
Others	16,591,250.95	5,049,472.40	33,623,862.03	27,546,242.07
In total	11,728,067,785.65	11,016,949,345.82	8,697,572,481.21	8,071,341,928.74

### (3)Prime Business (Region-classified)

Name of Region	Amounts in the Current Period		Amounts in the Prior Period	
	Revenue	Cost	Revenue	Cost
North China	10,123,343,396.24	9,651,908,242.01	7,884,008,703.50	7,498,580,786.26
East China	686,657,679.09	512,187,178.67	686,167,569.63	473,944,001.23
Northeast China	137,074,930.91	111,781,498.62	127,396,208.08	98,817,141.25
South East	780,991,779.41	741,072,426.52		
In total	11,728,067,785.65	11,016,949,345.82	8,697,572,481.21	8,071,341,928.74

### 41. Tariff And Annex

Items	Amounts in the Current Period	Amounts in the Prior Period
Urban Maintenance and Construction Tax	8,123,144.87	6,612,721.25
Educational Surtax	3,533,840.85	2,895,143.94
Local Educational Surtax	2,355,895.48	1,930,095.99
House Property tax	5,496,760.45	6,842,452.33
Land Use Tax	247,528.32	2,222,677.37
Stamp Tax	3,952,317.43	2,582,084.39
Vehicle and Vessel Use Tax	40,100.87	40,775.71
Land Value Added Tax		4,790.20
Other Taxes and Fees	39,411.60	51,780.08
In total	23,788,999.87	23,182,521.26

### 42. Sales Expenses

Items	Amounts in the Current Period	Amounts in the Prior Period
Employee Compensation (including social security, etc)	77,384,564.22	72,069,470.68
Sales Promotion Expenses	24,192,308.99	39,131,372.82
Warehousing Fees	11,180,870.38	13,401,508.98
Depreciation	13,626,528.80	13,195,597.53
Travel Expenses	6,561,854.51	5,425,245.85



Items	Amounts in the Current Period	Amounts in the Prior Period
Material consumption, sample and product cost	2,171,906.30	7,457,562.25
Lease fee	2,000,200.72	2,110,200.00
Repair Costs	1,600,732.45	4,741,287.38
Operation Expenses	3,122,152.06	4,142,565.31
Terminal Charges	1,123,800.00	1,769,880.36
Water and Electricity Fees	1,225,185.96	1,149,996.78
Commodity Wastage	116,599.55	1,144,468.29
Vehicle Fees	992,762.32	653,952.78
Packing Expenses	300,227.81	606,343.75
Test and Detection Fees	226,300.00	252,606.47
Business Entertainment Expenses	212,052.40	221,142.33
Labor Protection Fees	185,886.35	134,970.62
Commercial Insurance Expenses	14,344.90	9,339.62
Others	1,077,840.52	920,799.12
Total	147,316,118.24	168,538,310.92

### 43. Administration Expenses

Items	Amounts in the Current Period	Amounts in the Prior Period
Employee Compensation (including social security, etc)	121,587,427.82	105,757,801.44
Impairment Costs	18,237,865.60	21,138,588.30
Amortization of Assets	15,563,814.96	15,395,887.82
Fees of Employing Agent	13,163,766.91	12,235,888.01
Company Expenses	7,442,124.18	5,320,755.54
Repair Costs	3,259,784.08	3,347,098.20
Lease fee	3,039,488.99	3,335,385.77
Vehicle Fees	2,675,743.19	2,737,975.97
Security Protection Fees	1,469,824.47	953,250.21
Information Network Fees	1,312,483.04	2,558,612.63
Environmental Protection Fees	1,304,184.21	1,031,270.41
Business Entertainment Expenses	1,089,431.81	1,180,688.87
Commercial Insurance Expenses	995,916.41	991,422.05
Workers Insurance Expenses	956,937.28	970,146.22
Travel Expenses	713,609.91	409,662.51
Material Consumption	616,035.77	545,101.54

Items	Amounts in the Current Period	Amounts in the Prior Period
Labor Protection Fees	489,960.00	782,547.70
Taxes in Expenses	222,145.86	146,246.44
Other Expenses	4,627,347.70	700,399.30
In total	198,767,892.19	179,538,728.93

#### 44. Research and Development Expenses

Items	Amounts in the Current Period	Amounts in the Prior Period
Salary	8,705,588.81	6,967,316.66
Material consumption	2,434,367.21	1,713,717.37
Design expense	391,188.30	308,142.99
Transportation Expense	35,559.99	48,507.01
Others	483,243.65	865,537.90
In total	12,049,947.96	9,903,221.93

#### 45. Financial Expenses

Items	Amounts in the Current Period	Amounts in the Prior Period
Interest Expenses	42,302,007.06	31,742,996.45
Less: Interest Income	26,216,178.46	16,035,923.84
Exchange Profit and Loss	82,807.14	3,881,862.45
Service Charges	4,954,473.93	1,527,207.20
In total	21,123,109.67	21,116,142.26

#### 46. Other Profits

Items	Amounts in the Current Period	Amounts in the Prior Period
Government Subsidy Related to Daily Corporate Activities	13,801,864.25	15,837,109.11
Return of Service Charges of Withholding Individual Income Tax	642,939.07	281,742.91
Refund of VAT and surtax	90,280.00	103,652.86
In total	14,535,083.32	16,222,504.88

#### 47. Investment Income

Items	Amounts in the Current Period	Amounts in the Prior Period
Long-term equity investment income accounted	37,822,580.24	19,542,664.00

Items	Amounts in the Current Period	Amounts in the Prior Period
with equity method		
Investment income from disposal of wealth management products	5,161,567.20	13,327,294.52
Investment income of disposing trading financial assets	668,372.69	4,097,586.02
Investment income obtained during the holding of transactional financial assets	387,257.58	401,460.93
Others		506,874.91
In total	44,039,777.71	37,875,880.38

#### **48. Profits on Changes in Fair Value**

Source of generating income with changes in fair value	Amounts in the Current Period	Amounts in the Prior Period
Financial assets that are measured as per fair value and for which the changes are included in the current profit and loss	-66,667,420.88	-16,467,791.36
Including: income with changes in fair value generated by derivative financial instruments	-66,667,420.88	-16,467,791.36
Trading financial liabilities		
Investment real estate measured by fair value		
In total	-66,667,420.88	-16,467,791.36

#### **49. Credit impairment loss**

Items	Amounts in the Current Period	Amounts in the Prior Period
Accounts receivable bad debt loss	-445,289.20	30,273.95
Other receivables bad debt loss	-94,234.26	221,436.24
Total	-539,523.46	251,710.19

#### **50. Loss from Asset Devaluation**

Items	Amounts in the Current Period	Amounts in the Prior Period
Loss on Bad Debts		
Loss on Inventory Price Drop	-306,388.07	-63,449.10
In total	-306,388.07	-63,449.10

#### **51. Assets Disposal Income**

Items	Amounts in the Current Period	Amounts in the Prior Period
Gains or losses on disposal of fixed assets	-208,369.12	38,752.37
In total	-208,369.12	38,752.37

## 52. Non-operating Income

### (1) Classification

Items	Amounts in the Current Period	Amounts in the Prior Period	Amounts Charged to Non-recurring Profit and Loss
Total non current assets retirement gains:	72,098.18	37,474.17	72,098.18
Including: fixed assets scrap profit	72,098.18	37,474.17	72,098.18
profit from scrap of intangible assets			
Penalty income	994,966.56	74,975.30	994,966.56
Payable amounts not required to be paid	487,265.26		487,265.26
Government Subsidy	174,221.00	60,000.00	174,221.00
Relocation Compensation	144,789.85	159,967.20	144,789.85
Other Gains	194,032.35	414,172.75	194,032.35
In total	2,067,373.20	746,589.42	2,067,373.20

### (2) Government Subsidy Charged to Non-recurring Profit and Loss

Subsidy projects	Amounts in the Current Period	Amounts in the Prior Period	Asset related / income related
Relocation Compensation	119,121.00		Income related
Incentive Funds	45,100.00		Income related
Special subsidies for the activities of "two new" organisations	10,000.00		Income related
Quality and patent awards in 2020		50,000.00	Income related
Relief policy subsidy		10,000.00	Income related
Total	174,221.00	60,000.00	-

## 53. Non-operating Expenses

Items	Amounts in the Current Period	Amounts in the Prior Period	Amounts Charged to Non-recurring Profit and Loss
Total loss on scrap of non current assets	157,143.75	457,274.93	157,143.75
Including: loss on scrap of fixed assets	157,143.75	457,274.93	157,143.75

Items	Amounts in the Current Period	Amounts in the Prior Period	Amounts Charged to Non-recurring Profit and Loss
Penalty expenditure	24,500.00	1,020,523.67	24,500.00
Others	146,997.54	410,346.39	146,997.54
Total	328,641.29	1,888,144.99	328,641.29

#### 54. Income Tax Expenses

##### (1) List of Income Tax Expenses

Amounts in the Current Period	Amounts in the Prior Period	Amounts in the Current Period
Income Tax Expenses of the Current Period	106,340,597.83	54,532,194.91
Deferred Income Tax Expenses	-30,089,130.23	11,583,103.71
Total	76,251,467.60	66,115,298.62

##### (2) Accounting Profit and Income Tax Expense Adjustment Process

Items	Amounts in the Current Period	Amounts in the Prior Period
Total Profits	315,485,189.54	285,339,793.18
Income tax expenses calculated by statutory/applicable tax rate	78,871,297.39	71,334,948.30
Effect of subsidiary corporations being applicable to different tax rates	-1,844,755.24	-947,694.04
Adjustment on effect of income tax in the prior period	2,489,564.19	430,220.89
Effect of Non-taxable Incomes	-5,760,010.74	-3,847,972.30
Effect of Non-deductible cost, expense and loss	-879,902.43	970,773.85
Effect of deductible loss on usage of unconfirmed deferred income tax assets in the prior period	-5,363,511.97	-5,783,060.94
Effect of deductible temporary difference or deductible loss on unconfirmed deferred income tax in the current period	9,498,499.81	6,278,648.02
Effect of deductions	-795,213.37	-2,320,565.16
Others	35,499.96	
Income Tax Expenses	76,251,467.60	66,115,298.62

**55. Other comprehensive income items and their income tax impact and transferred to profit and loss**

See details of ‘Appendix Six Notes on Items in Consolidated Financial Statements, 37 Other Comprehensive Incomes’

**56. Notes to items related cash flow statement**

(1) Receiving other cash related to operation activities

Items	Amounts in the Current Period	Amounts in the Prior Period
Future Margins	1,459,292,560.77	874,862,645.55
Intercourse Funds of Other Units	106,778,161.58	47,080,919.02
Interest Income	17,053,537.35	15,727,323.95
Intercourse Funds of Related Parties	3,304,968.87	6,059,604.42
Non-operating Income and other income	4,106,124.86	14,165,759.99
Others	3,238,949.73	5,979,776.55
Total	1,593,774,303.16	963,876,029.48

(2) Other Cash Payment Related to Operation Activities

Items	Amounts in the Current Period	Amounts in the Prior Period
Future Margins	1,594,071,648.75	1,383,095,725.00
Payment for Administration Expenses	43,378,783.81	36,716,789.68
Intercourse Funds of Other Units	13,893,169.13	85,094,941.48
Payment for Operating Expenses	56,305,025.22	103,477,595.33
Intercourse Funds of Related Parties	7,669,514.72	27,810,666.27
Bank Charges	4,879,506.88	1,527,207.20
Petty Cash Paid	198,860.83	785,283.72
Non-operating Expenses	90,694.64	1,435,373.86
Others	6,689,174.26	10,217,449.20
In total	1,727,176,378.24	1,650,161,031.74

(3) Other cash received related to investment activities

Items	Amounts in the Current Period	Amounts in the Prior Period
Fixed assets subsidy		960,000.00
In total		960,000.00

(4) Other cash received related to financing activities

Items	Amounts in the Current Period	Amounts in the Prior Period
Subsidies related to R&D from Beijing Capital Agriculture Group	1,090,000.00	
In total	1,090,000.00	

(5) Other cash paid related to financing activities

Items	Amounts in the Current Period	Amounts in the Prior Period
Acquisition of minority shareholders' equity of Zhejiang Little Prince		104,730,266.66
Lease payment amount	937,516.52	
In total	937,516.52	104,730,266.66

**57. Supplementary Materials of Cash Flows Statement**

(1) Supplementary Materials of Cash Flows Statement

Supplementary Materials	Amounts in the Current Period	Amounts in the Prior Period
<b>1. Adjusting net accounting profit to operating cash flow</b>		
Net Profit	239,233,721.94	219,224,494.56
Add: Assets Impairment Reserves	306,388.07	63,449.10
Credit impairment loss	539,523.46	-251,710.19
Fixed Assets Depreciation, Oil-and-gas Assets Depreciation and Productive Biological Assets Depreciation	98,490,827.18	111,137,864.85
Amortization of Intangible Assets	14,810,005.45	14,749,656.41
Amortization of Long-term Deferred Expenses	798,985.59	935,641.33
Losses on Disposal of Fixed Assets, Intangible Assets and Other Long-term Assets (Fill in profit with symbol “—”)	208,369.12	-38,752.37
Losses on Retirement of Fixed Assets (Fill in profit with symbol “—”)	85,045.57	419,800.76
Losses on Changes in Fair Value (Fill in profit with symbol “—”)	66,667,420.88	16,467,791.36
Financial Expenses (Fill in profit with symbol “—”)	42,302,007.06	31,742,996.45
Investment Losses (Fill in profit with symbol “—”)	-44,039,777.71	-37,875,880.38
Decrease in Deferred Income Tax Assets (Fill in increase with symbol “—”)	-10,224,248.92	-743,747.89
Increase in Deferred Income Tax Reliabilities (Fill in decrease with symbol “—”)	-19,864,881.31	12,326,851.60

Supplementary Materials	Amounts in the Current Period	Amounts in the Prior Period
Decrease in Inventory (Fill in increase with symbol “—”)	-682,307,723.74	186,560,389.70
Decrease in Items of Operating Receivables (Fill in increase with symbol “—”)	461,225,511.97	-682,322,952.93
Increase in Items of Operating Receivables (Fill in decrease with symbol “—”)	464,008,881.83	-118,936,802.44
Others		
Net Cash Flows from Operating Activities	632,240,056.44	-246,540,910.08
<b>2. Major investment and financing activities that do not involve cash payments</b>		
Conversion of Debt into Capital		
Convertible Bonds Due Within One Year		
Fixed Assets under Financing Lease		
<b>3. Net change conditions in cash and cash equivalents</b>		
Cash balance at end of period	506,928,810.69	334,389,017.41
Less: cash balance at beginning of period	334,389,017.41	555,097,777.21
Add: balance of the cash equivalents at end of period		
Less: balance of the cash equivalents at beginning of period		
Cash and cash equivalent net increase quota	172,539,793.28	-220,708,759.80

(2) Composition of cash and cash equivalents

Items	Balance at End of Period	Balance at Beginning of Period
One Cash	506,928,810.69	334,389,017.41
Including: cash in stock	15,012.17	16,761.72
Bank deposit available for payment at any time	465,650,779.09	298,158,812.41
Other currency funds available for payment at any time	41,263,019.43	36,213,443.28
Deposits with central bank available for payment		
Interbank deposit		
Interbank placements		
Two Cash Equivalents		
Including: bond investment maturing within three months		
Three Balance of Cash and Cash Equivalents at End	506,928,810.69	334,389,017.41



Items	Balance at End of Period	Balance at Beginning of Period
of Period		
Including: restricted cash and cash equivalents used by parent company or intra-group affiliates		

#### **58. Assets with restricted ownership or right to use**

Items	Book Value at End of Period	Reasons being Restricted
Currency Funds	215,857.76	Letter of Credit Margin and Account Suspension
Inventory	3,550,960.00	Pledge of warehouse receipts
Investment Real Estate	5,880,839.21	Litigation Freeze
Fixed Assets	5,822,183.64	Litigation Freeze
In total	15,469,840.61	—

Note: Restricted amounts of 215,857.76yuan existed at the end of the period. Of which 166,353.66yuan was released from freeze before the reporting date.

#### **59. Monetary Items of Foreign Currency**

##### (1) Monetary Items of Foreign Currency

Items	Balance of Foreign Currency at End of Period	Exchange Rate Convert	Balance of Converting to RMB at End of Period
Monetary fund	3,614,784.76	6.3757	23,046,783.19
Including: US Dollars	3,614,784.76	6.3757	23,046,783.19
Accounts receivable	93,368.00	6.3757	595,286.36
Including: US Dollars	93,368.00	6.3757	595,286.36
Short-term borrowing	125,857,140.16	6.3757	802,427,368.52
Including: US Dollars	125,857,140.16	6.3757	802,427,368.52

##### (2) Instruction of Operational Entity Overseas

The registrant and operating unit of the Company is Beijing Grain (Singapore) International Trade Co., Ltd. with main business place of Singapore and recording currency of US Dollars.

#### **60. Hedging items and related hedging instruments**

Please refer to 22. Derivative financial liability under Section VI of the Notes.

#### **61. Government Subsidies**

##### (1) Basic conditions of government grants

Type	Amount	Presentation item	Amount recorded in profit and loss
VAT refunds	8,435,960.05	Other income	8,435,960.05
Special subsidy funds for infrastructure support fees	63,130,000.00	Deferred income	1,277,504.16
Special subsidy for infrastructure input	18,176,788.00	Deferred income	908,692.09
Special subsidy for production line technical reform	4,500,000.00	Deferred income	450,000.00
Subsidy for job stabilization	401,368.35	Other income	401,368.35
Compensation for demolition and relocation	7,695,276.34	Deferred income	384,763.82
Subsidy for Work-in-Training	347,900.00	Other income	347,900.00
Tianjin Lingang Grain and Oil Processing Warehouse and Logistics Project of Beijing Grain Group	4,000,000.00	Deferred income	222,222.24
Provincial grain reserve information management system construction	633,746.30	Deferred income	200,686.32
Job Stabilization Subsidy	180,870.53	Other income	180,870.53
Gas boiler low-NOx transformation subsidy	160,000.00	Other income	160,000.00
Subsidy for the operation of the home for the disabled	133,165.00	Other income	133,165.00
Compensation for demolition and relocation	119,121.00	Non-operating income	119,121.00
Subsidies for disabled persons' jobs	118,177.13	Other income	118,177.13
Industrial enterprise incentive funds	100,000.00	Other income	100,000.00
Financial boiler low-NOx subsidy	80,000.00	Other income	80,000.00
Green cleaning and oil tank electric heating	855,179.48	Deferred income	79,960.12
Oil and fat enzymatic moderate refining sets of equipment	1,089,743.60	Deferred income	77,838.84
Training subsidies	65,500.00	Other income	65,500.00
Policy cashing incentive funds	55,100.00	Non-operating income	55,100.00
Tax benefits for retired soldiers (VAT benefits)	45,000.00	Other income	45,000.00
Smart manufacturing special funds incentives (green factory)	40,000.00	Other income	40,000.00
Emergency turnover food subsidies	30,000.00	Other income	30,000.00

Type	Amount	Presentation item	Amount recorded in profit and loss
Unemployment insurance rebate	23,705.60	Other income	23,705.60
2020 Foreign Economic and Trade Project Subsidy	23,600.00	Other income	23,600.00
Others	14,950.00	Other income	14,950.00
In total	110,455,151.38		13,976,085.25

## VII. Change in Consolidation Scope

The Company invested jointly with Sinograin Oils Corporation to establish Jingliang (Yueyang) Grain and Oil Industry Co., Ltd, with a shareholding of 65%. The subsidiary is in the stage of preparation for opening and has not yet completed the paid-in capital. The above-mentioned entity was included in the scope of consolidation during the reporting period.

## VIII. Equities in Other Entities

### 1. Equities in Subsidiaries

#### (1) Composition of the Company

Name of Subsidiary	Principle Place of Business	Registered Place	Nature of Business	Shareholding Ratio (%)		Voting rights ratio (%)	Mode of Acquisition
				Direct	Indirect		
Beijing Jingliang Food Co., Ltd.	Beijing	Beijing	Investment management	100		100	Merger under the same control
Jingliang (Tianjin) Grain and Oil Industry Co., Ltd.	Tianjin	Tianjin	Agricultural Product and By Product Processing		70	70	Merger under the same control
Beijing Jingliang Oil and Fat Co., Ltd.	Beijing	Beijing	Grain and oil trade		100.00	100.00	Merger under the same control
Jingliang (Hebei) Oil Industry Co., Ltd.	Hebei	Hebei	Agricultural Product and By Product Processing		51.00	51.00	Merger under the same control
Beijing Guchuan Edible Oil Co., Ltd.	Beijing	Beijing	Grain and oil trade		100.00	100.00	Merger under the same control

Beijing Eisen-Lubao Oil Co., Ltd.	Beijing	Beijing	Agricultural Product and By Product Processing		100.00	100.00	Merger under the same control
Beijing Tianweikang Oil Distribution Center Co., Ltd.	Beijing	Beijing	Warehousing		100.00	100.00	Merger under the same control
Beijing Guchuan Bread Food Co., Ltd.	Beijing	Beijing	Food Processing		100.00	100.00	Merger under the same control
Zhejiang Xiao Wang Zi Food Co., Ltd.	Hangzhou	Hangzhou	Food Processing	17.6794	77.2072	94.8866	Combination not under same control
Hangzhou Lin'an Xiaotianshi Food Co., Ltd.	Hangzhou	Hangzhou	Food Processing	17.6794	77.2072	94.8866	Combination not under same control
Liaoning Xiao Wang Zi Food Co., Ltd.	Liaoning	Liaoning	Food Processing	17.6794	77.2072	94.8866	Combination not under same control
Linqing Xiao Wang Zi Food Co., Ltd.	Linqing	Linqing	Food Processing	17.6794	77.2072	94.8866	Combination not under same control
Lin'an Chunmanyuan Agricultural Development Co., Ltd.	Hangzhou	Hangzhou	Food Processing	17.6794	77.2072	94.8866	Combination not under same control
Jingliang (Singapore) International Trade Co., Ltd.	Singapore	Singapore	Grain trade		100.00	100.00	Establishment by investment
Jingliang Rural Complex Construction and Operations (Xinyi) Co., Ltd.	Xinyi	Xinyi	Land remediation	51.00		51.00	Establishment by investment
Jingliang (Caofeidian) Agricultural Development Co., Ltd.	Tangshan	Tangshan	Plantation	51.00		51.00	Establishment by investment

Beijing jingliang gubi oil and grease co. LTD	Beijing	Beijing	Grain and oil trade		100	100	Establishment by investment
Jingliang (Yueyang) Grain and Oil Industry Co., Ltd.	Hunan	Hunan	Agricultural products	65.00		65.00	Establishment by investment

(2) Major non-wholly-owned subsidiaries

Name of Subsidiary	Shareholding Ratio of Minority Shareholders (%)	Voting rights ratio of Minority Shareholders (%)	Profit And Loss Attributable to Minority Shareholders for the Current Period	Dividends Distributed to Minority Shareholders for the Current Period	Balance of Minority Shareholder's Equity at the End of the Period
Zhejiang Xiao Wang Zi Food Co., Ltd.	5.1134	5.1134	15,155,396.93	1,704,626.89	48,469,370.18
Jingliang (Tianjin) Grain and Oil Industry Co., Ltd.	30	30	18,060,680.13		265,260,839.72
Jingliang (Hebei) Oil Industry Co., Ltd.	49	49	1,756,853.44	2,009,000.00	37,180,745.87
Jingliang (Caofeidian) Agricultural Development Co., Ltd.	49	49	1,162,543.53		25,196,306.01

(3) Important financial information on major non-wholly-owned subsidiaries

Items	Ending balance or Amount incurred in the current period			
	Zhejiang Xiao Wang Zi Food Co., Ltd.	Jingliang (Tianjin) Grain and Oil Industry Co., Ltd.	Jingliang (Hebei) Oil Industry Co., Ltd.	Jingliang (Caofeidian) Agricultural Development Co., Ltd.
Current Assets	545,563,045.64	1,393,747,379.61	272,382,537.61	63,924,854.13

Items	Ending balance or Amount incurred in the current period			
	Zhejiang Xiao Wang Zi Food Co., Ltd.	Jingliang (Tianjin) Grain and Oil Industry Co., Ltd.	Jingliang (Hebei) Oil Industry Co., Ltd.	Jingliang (Caofeidian) Agricultural Development Co., Ltd.
Non-current Assets	496,391,615.83	782,065,202.69	81,817,706.52	677,625.84
Total Assets	1,041,954,661.47	2,175,812,582.30	354,200,244.13	64,602,479.97
Current Liabilities	158,579,977.51	1,235,715,663.77	274,199,358.63	7,710,550.95
Non-current Liabilities	18,912,566.95	51,395,336.36	511,739.20	
Total Liabilities	177,492,544.46	1,287,111,000.13	274,711,097.83	7,710,550.95
Operating Income	827,007,026.15	4,636,677,763.70	399,581,771.45	18,556,537.62
Net Profit (Loss)	106,691,266.57	87,588,683.12	6,610,073.09	5,470,896.35
Total Comprehensive Income	106,691,266.57	87,588,683.12	6,610,073.09	5,470,896.35
Cash Flow from Operating Activities	116,629,645.06	724,136,543.87	108,028,487.75	-3,617,581.51

(Continued)

Items	Beginning balance or Amount incurred in the prior period			
	Zhejiang Xiao Wang Zi Food Co., Ltd.	Jingliang (Tianjin) Grain and Oil Industry Co., Ltd.	Jingliang (Hebei) Oil Industry Co., Ltd.	Jingliang (Caofeidian) Agricultural Development Co., Ltd.
Current Assets	348,212,958.32	1,451,014,894.50	355,193,589.41	65,278,291.00
Non-current Assets	636,041,329.78	784,620,786.80	83,905,315.98	375,361.52
Total Assets	984,254,288.10	2,235,635,681.30	439,098,905.39	65,653,652.52
Current Liabilities	140,227,047.42	1,283,603,409.67	361,352,282.65	14,232,619.85
Non-current Liabilities	20,656,022.86	67,829,472.58	1,867,549.53	
Total Liabilities	160,883,070.28	1,351,432,882.25	363,219,832.18	14,232,619.85
Operating Income	817,382,788.30	3,947,727,557.55	353,156,192.23	37,886,609.79

Items	Beginning balance or Amount incurred in the prior period			
	Zhejiang Xiao Wang Zi Food Co., Ltd.	Jingliang (Tianjin) Grain and Oil Industry Co., Ltd.	Jingliang (Hebei) Oil Industry Co., Ltd.	Jingliang (Caofeidian) Agricultural Development Co., Ltd.
Net Profit (Loss)	131,200,734.73	60,202,267.11	3,585,415.19	2,372,537.81
Total Comprehensive Income	131,200,734.73	60,202,267.11	3,585,415.19	2,372,537.81
Cash Flow from Operating Activities	26,043,033.24	-504,494,426.93	-16,169,538.34	-5,128,929.53

## 2. Equity in Joint Ventures or Affiliates

### 1. Important Joint Ventures or Affiliates

Name of Joint Venture or Affiliate	Principle Place of Business	Registered Place	Nature of Business	Shareholding Ratio (%)		Accounting Treatment Methods for Investment in Joint Ventures or Affiliates
				Direct	Indirect	
One Joint Ventures						
1. Beijing Zhengda Feed Co., Ltd.	Beijing	Beijing	Manufacturer		50.00	Equity method
Two Affiliates						
1. SINOGRAIN (Tianjin) Warehousing Logistics Co., Ltd.	Tianjin	Tianjin	Transportation and warehousing		30.00	Equity method
2. Jingliang Missme Catering Management (Beijing) Co., Ltd.	Beijing	Beijing	Manufacturer		48.00	Equity method

### 2. Important financial information on major joint ventures

Item	Ending Balance/Current Amount	Beginning Balance/Last Term Amount
		Beijing Zhengda Feed Co., Ltd.
Current assets	259,094,822.42	228,921,574.13

Item	Ending Balance/Current Amount	Beginning Balance/Last Term Amount
	Beijing Zhengda Feed Co., Ltd.	Beijing Zhengda Feed Co., Ltd.
Including: cash and cash equivalents	30,509,860.94	95,186,696.60
Non-current assets	24,949,630.10	25,478,642.09
Total assets	284,044,452.52	254,400,216.22
Current liabilities	59,463,197.04	73,979,867.51
Non-current liabilities	5,112,214.50	4,076,166.52
Total liabilities	64,575,411.54	78,056,034.03
Minority shareholder's equity		
Shareholders' equity attributable to the parent company	219,469,040.98	176,344,182.19
Share of net assets based on shareholding ratio	109,734,520.49	88,172,091.10
Adjustments		2,652,807.39
-- Goodwill		
-- Unrealized profits from internal transactions		
-- Other		2,652,807.39
Book value of equity investment in joint ventures	109,734,520.49	90,824,898.49
Fair value of equity investment in joint ventures with open offers		
Operating income	369,615,151.09	336,626,475.66
Financial costs	-5,587,491.34	-3,211,106.78
Income tax expense	14,082,117.12	11,205,730.33
Net profit	43,173,099.79	36,873,259.85
Net profit from discontinued operations		
Other comprehensive income	-211,261.00	-163,020.00
Total comprehensive income	42,961,838.79	36,710,239.85
Dividends received from joint ventures in the current period		

### 3. Important financial information on major affiliates

Item	Ending Balance/Current Amount	Beginning Balance/Last Term Amount
	SINOGRAIN (Tianjin) Warehousing Logistics Co., Ltd.	SINOGRAIN (Tianjin) Warehousing Logistics Co., Ltd.



Item	Ending Balance/Current Amount	Beginning Balance/Last Term Amount
	SINOGRAIN (Tianjin) Warehousing Logistics Co., Ltd.	SINOGRAIN (Tianjin) Warehousing Logistics Co., Ltd.
Current assets	104,812,139.17	87,560,108.46
Non-current assets	555,196,631.04	407,888,087.68
Total assets	660,008,770.21	495,448,196.14
Current liabilities	32,099,278.71	24,167,311.59
Non-current liabilities	250,581,609.08	72,609,829.76
Total liabilities	282,680,887.79	96,777,141.35
Minority shareholder's equity		
Shareholders' equity attributable to the parent company	377,327,882.42	398,671,054.79
Share of net assets based on shareholding ratio	113,198,364.73	119,601,316.43
Adjustments		
-- Goodwill		
-- Unrealized profits from internal transactions		
-- Others		
Book value of equity investment in affiliates	113,198,364.73	119,601,316.43
Fair value of equity investment in affiliates with open offers		
Operating income	52,065,840.85	36,413,675.87
Net profit	7,936,827.63	6,549,552.18
Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income	7,936,827.63	6,549,552.18
Dividends received from affiliates in the current period	24,680,000.00	

### IX. Risks Related to Financial Instruments

The Company's principal financial instruments include equity investment, creditors' investment, borrowing, accounts receivable, accounts payable, etc. The primary purpose of these financial instruments is to finance the operations of the Company. The Company has a variety of other financial assets and liabilities directly arising from its operations, such as accounts receivable and accounts payable.

The main risks caused by the Company's financial instruments are credit risk, liquidity risk and market risk.

## 1. Classification of financial instruments

### (1) Book value of various financial assets on the balance sheet date

A. December 31, 2021

Financial asset items	Financial assets measured at amortized cost	Financial assets measured at fair value and the changes recorded in current profits and losses	Financial assets measured at fair value and the changes recorded in other comprehensive income	Total
Monetary funds	507,144,668.45			507,144,668.45
Transactional financial assets		40,377,048.08		40,377,048.08
Derivative financial assets				
Notes receivables				
Accounts receivables	82,694,094.62			82,694,094.62
Other receivables	284,756,636.27			284,756,636.27
Investment in other equity instruments			20,000,000.00	20,000,000.00
Current portion of non-current assets	156,139,100.00			156,139,100.00
Other current assets	742,800,000.00	62,577,325.41		805,377,325.41
Other non-current assets	189,741,996.74			189,741,996.74

B. December 31, 2020

Financial asset items	Financial assets measured at amortized cost	Financial assets measured at fair value and the changes recorded in current profits and losses	Financial assets measured at fair value and the changes recorded in other comprehensive income	Total
Monetary funds	335,466,169.61			335,466,169.61
Transactional financial assets		63,478,071.73		63,478,071.73

Financial asset items	Financial assets measured at amortized cost	Financial assets measured at fair value and the changes recorded in current profits and losses	Financial assets measured at fair value and the changes recorded in other comprehensive income	Total
Derivative financial assets				
Notes receivables	456,565.85			456,565.85
Accounts receivables	92,245,667.60			92,245,667.60
Other receivables	541,905,656.97			541,905,656.97
Investment in other equity instruments			20,000,000.00	20,000,000.00
Other non-current assets	319,739,581.67			319,739,581.67

**(2) Book value of various financial liabilities on the balance sheet date**

A. December 31, 2021

Financial liability items	Financial liabilities measured at fair value and changes included in current profits and losses	Other financial liability	Total
Short term loans		1,521,669,601.35	1,521,669,601.35
Derivative financial liability	70,305,871.37		70,305,871.37
Accounts payable		186,748,746.42	186,748,746.42
Other Payables		73,985,586.39	73,985,586.39

B. December 31, 2020

Financial liability items	Financial liabilities measured at fair value and changes included in current profits and losses	Other financial liability	Total
Short term loans		1,497,414,079.05	1,497,414,079.05
Derivative financial liability	371,219,136.84		371,219,136.84
Accounts payable		75,384,075.39	75,384,075.39
Other Payables		72,292,881.24	72,292,881.24

**2. Credit Risk**

On December 31, 2021, the largest credit risk exposure that may cause financial loss to the Company mainly comes from the loss on financial assets of the Company due to the failure of the other party to perform its obligations, including:

Book value of financial assets recognized in the consolidated balance sheet; for a financial instrument measured at fair value, its book value reflects its risk exposure instead of their biggest risk exposure, and its biggest risk exposure may vary with the change of its future fair value.

In order to reduce the credit risk, the Company sets relevant policies to control its exposure, sets corresponding credit periods based on customer's financial position, possibility of obtaining guarantees from third parties, credit records and other factors such as current market conditions and other credit qualifications for customer assessment, and implements other monitoring procedures to ensure that necessary measures are taken to recover overdue credits. In addition, the Company reviews the collection of individual account receivables on each balance sheet date in order to make sufficient provision for bad debts for collectable amounts. Therefore, the Company's management believes that the Company's credit risk has been greatly reduced.

The liquidity funds of the Company are deposited in banks with high credit rating, so the credit risk of liquidity funds is low.

### 3. Liquidity Risk

When managing liquidity risk, the Company keeps and monitors adequate cash and cash equivalents approved by its management in order to meet the Company's business needs and reduce the influences of cash flow fluctuations. The Company's management monitors the use of bank loans and ensures the performance of loan agreements.

Maturity analysis of financial liabilities in terms of undiscounted contractual cash flows:

Item	December 31, 2021				
	Within One Year	1 To 5 Years	Above Five Years		Total
Short term loans	1,521,669,601.35				1,521,669,601.35
Derivative financial liability	70,305,871.37				70,305,871.37
Accounts payable	185,082,028.27	1,666,718.15			186,748,746.42
Other Payables	73,985,586.39				73,985,586.39

(Continued)

Item	December 31, 2020				
	Within One Year	1 To 5 Years	Above Five Years		Total
Short term loans	1,497,414,079.05				1,497,414,079.05
Derivative financial liability	371,219,136.84				371,219,136.84
Accounts payable	72,075,894.39	3,308,181.00			75,384,075.39
Other Payables	72,292,881.24				72,292,881.24

#### 4. Market risk

Market risk refers to the risk that the fair value or future cash flow of financial instruments will fluctuate due to the change of market price. Market risk mainly includes interest rate risk, foreign exchange risk and other price risks, such as equity instrument investment price risk.

##### (1) Interest Rate Risk

The Company's interest rate risk mainly arises from bank loans. The financial liabilities at floating interest rates bring the Company the interest rate risk on cash flow, while the financial liabilities at fixed interest rates bring the Company the interest rate risk on fair value. The Company decides the relative proportion of fixed interest rate contracts and floating interest rate contracts according to the current market environment.

As of December 31, 2021, the Company's interest-bearing liabilities under floating rate contracts denominated in RMB amounted to RMB 170,000,000.00 and those under fixed rate contracts denominated in RMB amounted to RMB 1,351,669,601.35.

##### (2) Exchange Rate Risk

The Company's exposure to foreign exchange risks is primarily related to the Company's operating activities (when revenues and expenditures are settled in foreign currencies other than the Company's accounting standard currency) and its net investments in its overseas subsidiaries.

The Company's exposure to foreign exchange risks is mainly related to US dollars. Except that some of the Company's subsidiaries purchase and sell in US dollars, other major business activities of the Company are priced and settled in RMB.

As at December 31, 2021, the Company's assets and liabilities are in RMB, except the assets or liabilities described in the table below are in US dollars.

The foreign exchange risks arising from the assets and liabilities of such foreign currency balances may have an impact on the Company's operating results.

Items	Ending Balance	Beginning Balance
Monetary funds	23,046,783.19	5,056,624.13
Accounts receivable		1,044,832.24
Short-term borrowing	802,427,368.52	
Accounts payable	595,286.36	
Other Payables		381,054.16

Note: The Company pays close attention to the impact of exchange rate fluctuations on the Company.

The company adopts sensitivity analysis technology to analyze the possible impact of reasonable and possible changes of risk variables on current profit and loss or owner's equity. As any risk variable rarely changes in isolation, and the correlation between variables will have a significant effect on the final impact amount of a risk variable change, the following content is carried out under the assumption that the change of each variable is independent.

On the assumption that foreign currency assets and foreign currency liabilities remain relatively stable and other variables remain unchanged, the after-tax impact of possible

reasonable changes in exchange rate on current profits and losses and rights and interests is as follows:

Item	Current period		
	[US dollar] Exchange rate Increase / (decrease)	Gross profit profit/net increase /(decrease)	Increase/(decrease) in shareholders' equity
The yuan depreciated against the US dollar	5%	-38,998,793.58	-38,998,793.58
The yuan appreciated against the US dollar	-5%	38,998,793.58	38,998,793.58

Item	Prior period		
	[US dollar] Exchange rate Increase / (decrease)	Gross profit profit/net increase /(decrease)	Increase/(decrease) in shareholders' equity
The yuan depreciated against the US dollar	5%	286,020.11	286,020.11
The yuan appreciated against the US dollar	-5%	-286,020.11	-286,020.11

## X. Disclosure of Fair Values

### 1. Fair values of assets and liabilities measured at fair value at the end of the period

Item	Fair Values at the End of the Period			
	First Level Fair Value Measurement	Second Level Fair Value Measurement	Third Level Fair Value Measurement	Total
One. Continuous fair value measurement				
I. Transactional financial assets	40,377,048.08			40,377,048.08
1. Financial assets that are measured at fair value and whose changes are included in the current profits and losses	40,377,048.08			40,377,048.08
(1) Investment in debt instruments	40,377,048.08			40,377,048.08
(2) Investment in equity instruments				

Item	Fair Values at the End of the Period			
	First Level Fair Value Measurement	Second Level Fair Value Measurement	Third Level Fair Value Measurement	Total
(3) Derivative financial assets				
2. Financial assets designated as fair value through profit or loss				
(1) Investment in debt instruments				
(2) Investment in equity instruments				
(3) Others				
II. Other debt investment				
III. Investment in other equity instruments			20,000,000.00	20,000,000.00
<b>Total assets continuously measured at fair value</b>	40,377,048.08		20,000,000.00	60,377,048.08
VI. Transactional financial liabilities	70,305,871.37			70,305,871.37
1. Financial liabilities measured at fair value with changes included in current profits and losses	70,305,871.37			70,305,871.37
Including: transactional bonds issued				
derivative financial liability	70,305,871.37			70,305,871.37
others				
2. Financial liabilities designated as fair value through profit or loss				
<b>Total liabilities continuously measured at fair value</b>	70,305,871.37			70,305,871.37

## 2. Basis for determining market prices of continuous and non-continuous first level fair value measurement items

The Company makes offers for first level fair value measurement according to open contracts of the futures exchange and the quote from the bank on financial product at the end of the period.

**3. Continuous and non-continuous third-level fair value measurement items adopt valuation techniques and qualitative and quantitative information of important parameters**

The company's investment in other equity instruments of the third level fair value measurement project is the "three noes" equity investment that without control, joint control and significant influence held by the company. On the basis of analyzing the operation status of the invested enterprise and combining with relevant situations, the company takes the investment cost as the fair value of other equity instrument investment for measurement at the end of the period.

**XI. Related Parties and Related-Party Transactions**

**1. Identification criteria of related parties**

If one party controls, jointly controls or exerts significant influence on the other party, and two or more parties are controlled, jointly controlled or significantly influenced by the same party, they constitute related parties.

**2. Parent Company of the Company**

Name of Parent Company	Company type	Registered Place	Legal representative	Nature of Business	Registered Capital (ten thousand Yuan)
Beijing Grain Group Co. Ltd.	Wholly state-owned enterprise	Beijing	Wang Zhenzhong	Investment Management	90,000.00

(Continued)

Proportion of Shares Held by Parent Company in the Company (%)	Proportion of Voting Power Held by Parent Company in the Company (%)	The ultimate controlling party of the Company	Organization code
39.68	39.68	Beijing State-owned Capital Operation and Management Center	683551038

**3. Subsidiaries of the Company**

See 1. Equity in Subsidiaries under Section VIII of the Notes for details.

**4. Joint Ventures and Affiliates of the Company**

See 3. Equity in Joint Ventures or Affiliates under Section VIII of the Notes for details.

**5. Other Related Parties**

Name of Other Related Party	Relationship with the Company
Beijing Ershang Wangzhihe Food Co., Ltd.	Controlled by the ultimate controlling party
Feed branch of Beijing Sanyuan Seed Industry Technology Co., Ltd	Controlled by the ultimate controlling party
Hebei shounong Modern Agricultural Technology Co., Ltd	Controlled by the ultimate controlling party



Name of Other Related Party	Relationship with the Company
Beijing Shounong Consumption Assistance Innovation and Entrepreneurship Center Co., Ltd.	Controlled by the ultimate controlling party
Beijing Guchun Food Co., Ltd	Controlled by the ultimate controlling party
Hebei Luanping Huadu Food Co., Ltd	Controlled by the ultimate controlling party
Beijing Er Shang palace Yifu Food Co., Ltd	Controlled by the ultimate controlling party
Beijing Jingliang Dongfang grain and Oil Trading Co., Ltd	Controlled by the ultimate controlling party
Huairou Brewery of Beijing Liubiju Food Co.	Controlled by the ultimate controlling party
Beijing food supply office No.34 supply department Co., Ltd	Controlled by the ultimate controlling party
Beijing Haidian Xijiao grain and oil supply station Co., Ltd	Controlled by the ultimate controlling party
Beijing shounong Supply Chain Management Co., Ltd	Controlled by the ultimate controlling party
Beijing Zhujun grain and oil supply Co., Ltd	Controlled by the ultimate controlling party
Beijing Children soldiers grain and oil supply Co., Ltd	Controlled by the ultimate controlling party
Beijing Wuhuan Shuntong Supply Chain Management Co., Ltd	Controlled by the ultimate controlling party
Beijing Guchun rice Co., Ltd	Controlled by the ultimate controlling party
Beijing baijiayi Food Co., Ltd	Controlled by the ultimate controlling party
Beijing Sanyuan Food Co., Ltd	Controlled by the ultimate controlling party
Beijing jinggrain e-commerce Co., Ltd	Controlled by the ultimate controlling party
Beijing junchengyuan grain and oil purchase and Marketing Co., Ltd	Controlled by the ultimate controlling party
Beijing Hongyuan Lijun grain and oil supply Co., Ltd	Controlled by the ultimate controlling party
Beijing Dongfang Agricultural Group Supply Chain Management Co., Ltd.	Controlled by the ultimate controlling party
Beijing maliandou special supply station Co., Ltd	Controlled by the ultimate controlling party
Beijing Liangguan Grain and Oil Supply Co., Ltd.	Controlled by the ultimate controlling party
Beijing Huadu Yukou Poultry Co., Ltd.	Controlled by the ultimate controlling party
Shanghai shounong Investment Holding Co., Ltd	Controlled by the ultimate controlling party
Shandong Fukuan Bioengineering Co., Ltd	Controlled by the ultimate controlling party
Beijing Yueshengzhai Halal Food Co., Ltd	Controlled by the ultimate controlling party
Da Hong Men Meat Food Co.,Ltd Beijing Er Shang Group	Controlled by the ultimate controlling party
Beijing heiliu animal husbandry technology Co., Ltd	Controlled by the ultimate controlling party
Beijing Capital Agriculture Group	Controlled by the ultimate controlling party
Beijing Grain Group Co., Ltd	Controlled by the ultimate controlling party
Beijing Academy of Food Science	Controlled by the ultimate controlling party
Beijing jinggrain Dagu grain and Oil Trade Co., Ltd	Controlled by the ultimate controlling party
Beijing Shounong Grain Reserve Co., Ltd.	Controlled by the ultimate controlling party
Beijing Daxing National Food Reserve Co., Ltd	Controlled by the ultimate controlling party
Beijing Shounong Development Co., Ltd.	Controlled by the ultimate controlling party

<b>Name of Other Related Party</b>	<b>Relationship with the Company</b>
Beijing dahongmen grain storage Co., Ltd	Controlled by the ultimate controlling party
Beijing Nanyuan vegetable oil factory Co., Ltd	Controlled by the ultimate controlling party
Beijing Grain Group Head Company	Controlled by the ultimate controlling party
Beijing shounong Xiangshan Conference Center Co., Ltd	Controlled by the ultimate controlling party
Beijing shounong Food Group Finance Co., Ltd	Controlled by the ultimate controlling party
Tianjin Juxiang Technology Co., Ltd.	Controlled by the ultimate controlling party

## **6. Related-party Transactions**

### **A. Related-party transactions for purchasing and saling goods and provision and acceptance of labor services**

#### **(1) Purchase of goods or acceptance of labor services**

<b>Related Party</b>	<b>Related-party Transaction</b>	<b>Current Amount</b>	<b>Last Term Amount</b>
Shanghai Sunlon Investment HOLDINGS Ltd.	Purchase of goods	65,000,554.51	
Beijing Guchun Food Co., Ltd	Purchase of goods	17,625,723.68	13,155,894.06
Shandong Fukuan Bioengineering Co., Ltd	Purchase of goods	780,495.67	164,147.79
Beijing Yueshengzhai Halal Food Co., Ltd	Purchase of goods	562,891.05	511,156.63
Beijing Jingliang Dongfang grain and Oil Trading Co., Ltd	Purchase of goods	405,452.28	524,008.25
Da Hong Men Meat Food Co.,ltd Beijing Er Shang Group	Purchase of goods	394,945.43	403,578.27
Beijing Sanyuan Food Co., Ltd	Purchase of goods	280,809.77	1,400,066.43
Beijing heiliu animal husbandry technology Co., Ltd	Purchase of goods	203,640.70	99,883.20
Other related units	Purchase of goods	306,797.14	402,640.52
Beijing Shounong Grain Reserve Co., Ltd.	Storage fee	493,822.64	
Beijing shounong Food Group Co., Ltd	Display and exhibition fees		600,000.00

#### **(2) Sale of goods/ provision of labor services**

<b>Related Party</b>	<b>Related-party Transaction</b>	<b>Current Amount</b>	<b>Last Term Amount</b>
Shanghai shounong Investment Holding Co., Ltd	Sale of goods	639,999,993.00	
Beijing Ershang Wangzhihe Food Co., Ltd.	Sale of goods	62,085,307.44	71,047,922.42
Feed branch of Beijing Sanyuan Seed Industry Technology Co., Ltd	Sale of goods	47,175,363.45	31,339,925.94

Related Party	Related-party Transaction	Current Amount	Last Term Amount
Hebei shounong Modern Agricultural Technology Co., Ltd	Sale of goods	17,038,071.30	14,233,603.95
Beijing Shounong Consumption Assistance Innovation and Entrepreneurship Center Co., Ltd.	Sale of goods	15,515,188.10	2,916,212.83
Beijing Guchun Food Co., Ltd	Sale of goods	15,317,021.38	5,605,452.37
Hebei Luanping Huadu Foodstuff Co., Ltd.	Sale of goods	9,820,008.43	
Beijing Ershang Xijie Foodstuff Co., Ltd.	Sale of goods	9,367,917.44	
Beijing Jingliang Dongfang grain and Oil Trading Co., Ltd	Sale of goods	7,259,668.09	4,114,303.41
Huairou Brewing Factory of Beijing Liubiju Food Co., Ltd	Sale of goods	5,207,793.60	174,678.90
Beijing food supply office No.34 supply department Co., Ltd	Sale of goods	4,825,987.13	3,381,064.38
Beijing Haidian Xijiao grain and oil supply station Co., Ltd	Sale of goods	3,014,544.41	15,886,751.23
Beijing shounong Supply Chain Management Co., Ltd	Sale of goods	2,427,623.76	29,226,266.13
Beijing Zhujun grain and oil supply Co., Ltd	Sale of goods	2,406,903.69	5,097,181.62
Beijing Children soldiers grain and oil supply Co., Ltd	Sale of goods	2,219,449.54	3,366,280.71
Beijing Wuhuan Shuntong Supply Chain Management Co., Ltd	Sale of goods	1,604,476.13	2,200,674.09
Beijing Guchun rice Co., Ltd	Sale of goods	1,267,478.96	803,839.21
Beijing baijiayi Food Co., Ltd	Sale of goods	1,172,768.81	478,710.09
Beijing Sanyuan Food Co., Ltd	Sale of goods	747,433.70	470,695.16
Beijing Jingliang e-commerce Co., Ltd	Sale of goods	682,187.95	711,015.24
Beijing junchengyuan grain and oil purchase and Marketing Co., Ltd	Sale of goods	618,123.86	1,986,543.12
Beijing Hongyuan Lijun grain and oil supply Co., Ltd	Sale of goods	492,201.84	735,871.56
Beijing maliandou special supply station Co., Ltd	Sale of goods	70,642.20	2,757,335.78
Beijing Liangguan Grain and Oil Supply Co., Ltd.	Sale of goods	11,559.64	2,706,388.99
Beijing huaduyukou poultry Co., Ltd	Sale of goods		1,539,631.42

Related Party	Related-party Transaction	Current Amount	Last Term Amount
Other-related units	Sale of goods	2,215,034.03	3,008,834.25
Shanghai Sunlon Investment Holding Co., Ltd	Provision of services	12,533,333.63	23,867.92
Beijing Capital Agriculture Group Co., Ltd	Provision of services	599,999.98	799,999.97
Beijing Guchuan Food Co., Ltd	Provision of services	23,691.32	98,481.29
Beijing Grain Group Co., Ltd	Provision of services		574,150.93
Beijing Academy of Food Science	Provision of services		141,633.74
Beijing jinggrain Dagu grain and Oil Trade Co., Ltd	Provision of services		245,377.35

Related-party transactions for purchasing and saling goods and provision and acceptance of labor services: The price of a related-party transaction shall be equal to the price charged for a unrelated-party transaction that is same as or similar to such related-party transaction.

#### B. Related-party lease

(1) If the Company is the lessor,

Name of Lessee	Type of Leased Asset	Lease start date	Lease termination date	Pricing basis of rental income	Lease Income Recognized in the Current Period	Lease Income Recognized in the Prior Period
Beijing Guchuan Food Co., Ltd.	House leasing	January 1, 2020	December 31,2020	Market price		13,333,333.30
Beijing Jingliang E-commerce Co., Ltd.	Warehouse leasing	January 1, 2020	December 31,2020	Market price		664,311.28
Beijing Jingliang E-commerce Co., Ltd	Vehicle leasing	January 1, 2021	December 31,2021	Market price	11,265.13	22,530.26
Total	--	--	--	--	11,265.13	14,020,174.84

(2)If the Company is the lessee,

Name of Lessee	Type of Leased Asset	Pricing basis of leasing fee	Lease Expense Recognized in the Current Period	Lease Expense Recognized in the Prior Period
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Name of Lessee	Type of Leased Asset	Pricing basis of leasing fee	Lease Expense Recognized in the Current Period	Lease Expense Recognized in the Prior Period
Beijing Daxing National Grain Purchasing & Storage Warehouse	House leasing	Market price	1,935,963.30	2,110,200.00
Beijing Shounong Development Co., Ltd.	House leasing	Market price	1,803,247.58	1,297,946.86
Beijing Dahongmen Foodstuff Storage	House leasing	Market price	623,474.62	
Beijing Grain Group Co., Ltd.	House leasing	Market price	555,229.36	1,075,575.22
Beijing Nanyuan Plant Oil Factory	House leasing	Market price	311,926.61	
Beijing Grain Group Head Company	House leasing	Market price	33,027.52	
Total	--	--	5,262,868.99	4,483,722.08

### 3. Other Related-party Transactions

Guaranteed Party	Related-party Transaction	Current Amount	Last Term Amount
Beijing Dahongmen Foodstuff Storage	Heating fee, cleaning fee, electricity fee	177,183.60	60,359.34
Beijing Shounong Development Co., Ltd.	Utilities, property fees	98,847.10	52,527.02
Beijing Haidian Xiangshan Rest House	Conference service fees	20,654.60	
Beijing Shounong Food Group Finance Co., Ltd.	Interest income	1,589,080.65	396,546.91
Beijing Guchuan Food Co., Ltd.	Brand royalty	2,561,865.51	2,959,185.29
Beijing Guchuan Rice Co., Ltd.	Brand royalty	186,540.99	192,513.09
Beijing Jingliang Dongfang Grain and Oil Trading Co., Ltd.	Brand royalty	2,230.47	3,874.42
Tianjin Juxiang Technology Co., Ltd.	Technical Service Fee	1,582.20	

### (3) Remuneration for key management staff

Item	Current Amount (Unit: ten thousand yuan)	Last Term Amount (Unit: ten thousand yuan)
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Remuneration for Key Management Staff	624.05	528.28
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## 7. Related-party Receivables and Payables

### (1) Receivables

Item	Related-party	Ending Balance		Beginning Balance	
		Book Balance	Provision for Bad Debts	Book Balance	Provision for Bad Debts
Monetary funds	Beijing shounong Food Group Finance Co., Ltd	167,000,000.00		158,585,719.53	
Receivables	Feed Branch of Beijing Sanyuan Seed Technology Co., Ltd.	3,000,236.98		1,544,618.10	
	Beijing Shounong Consumption Assistance Innovation and Entrepreneurship Center Co., Ltd.	1,359,375.00		3,178,672.00	
	Beijing Guchun Food Co., Ltd	1,260,000.00		330,872.00	
	Shanghai Sunlon Investment HOLDINGS Ltd.	1,002,945.54			
	Beijing Ershang Xijie Foodstuff Co., Ltd.	621,830.00			
	Beijing Jingliang Dongfang grain and Oil Trading Co., Ltd	584,491.00		914,231.75	
	Hebei Shounong Modern Agricultural Technology Co., Ltd.	369,525.30		1,473,919.32	
	Beijing Zhujun grain and oil supply Co., Ltd	261,500.00		1,598,080.00	
	Beijing baijiayi Food Co., Ltd	196,800.00		23,100.00	
	Beijing Dongfang Agricultural Group Supply Chain Management Co., Ltd.	161,106.00			
	Beijing Guchun rice Co., Ltd	72,688.00			
	Beijing Junyuan grain and oil purchasing and Marketing Co., Ltd	43,000.00		1,009,912.00	

Item	Related-party	Ending Balance		Beginning Balance	
		Book Balance	Provision for Bad Debts	Book Balance	Provision for Bad Debts
	Beijing Ershang Yihe Sunshine Real Estate Co., Ltd.	15,520.00			
	Beijing Ershang Wangzhihe Food Co., Ltd.			8,584,555.70	
	Beijing shounong Supply Chain Management Co., Ltd			1,965,569.85	
	Beijing Haidian Xijiao grain and oil supply station Co., Ltd			1,420,904.00	
	Beijing Lianguan grain and oil supply Co., Ltd			672,100.00	
	Beijing Wuhuan Shuntong Supply Chain Management Co., Ltd			147,000.00	
	Beijing food supply department No.34 supply department Co., Ltd			83,260.00	
	Beijing Jingliang e-commerce Co., Ltd			56,600.00	
	Beijing zidibing grain and oil supply Co., Ltd			29,106.00	
	Beijing shounong Xiangshan Conference Center Co., Ltd			5,250.00	

## (2) Payables

Item	Related-party	Ending Balance	Beginning balance
Contract liability	Shanghai Sunlon Investment HOLDINGS Ltd.	3,943,587.12	
Payables	Beijing Guchun Food Co., Ltd	358,762.54	293,871.55
	Beijing Er Shang Mo Qi Zhong Hong Foods Co., Ltd.	382.30	
	Beijing Jingliang Dongfang grain and Oil Trading Co., Ltd	294.51	20,674.03
	Beijing Sunnyum Foods Co., Ltd.	31.19	
	Beijing Sanyuan Food Co., Ltd		13,677.70

	Beijing Yueshengzhai Islamic Food Co., Ltd.		1,922.50
	Beijing Changyang farm Co., Ltd		1,470.00
Other payables	Beijing Grain Group Co., Ltd.	2,819,620.39	1,712,270.30
	Shanghai Sunlon Investment HOLDINGS Ltd.	2,591,003.45	
	Beijing Nanyuan vegetable oil factory Co., Ltd	311,926.61	
	Beijing Jingliang e-commerce Co., Ltd		118,809.60

#### **8. Related-party Commitments**

The Company has no related-party commitments this year.

#### **XII. Share based payment**

There are no share based payments incurred this year for the company.



### XIII. Commitments and Contingencies

The company's subsidiary Beijing Jingliang Food Co., Ltd. as the guarantor is as follows:Guaranteed Party	Amount Guaranteed	Actual guarantee amount	Effective Date	Due Date	Whether the Guarantee Has Been Fulfilled
Beijing Tianweikang Oil Marketing Center Co., Ltd.	122,070,000.00	36,000,000.00	2021.1.20	Effective from the date of deliberation and approval of the 2020 general meeting of shareholders, for a period of one year	No
Jingliang (Tianjin) Grain and Oil Industry Co., Ltd.	300,000,000.00		2020.4.17	From the date of signing the agreement on designated delivery warehouse (designated warehouse) of Dalian Commodity Exchange to two years after the termination of the agreement on designated delivery warehouse (designated warehouse) of Dalian Commodity Exchange.	No
Jingliang (Tianjin) Grain and Oil Industry Co., Ltd.	200,000,000.00		2021.9.2	From the date of signing the agreement on designated delivery warehouse (designated warehouse) of Dalian Commodity Exchange to two years after the termination of the agreement on designated delivery warehouse (designated warehouse) of Dalian Commodity Exchange.	No
Beijing Jingliang Oil and Fat Co., Ltd.	227,150,000.00		2021.11.16	2 years after the maturity of the debt as agreed in the main contract	No
Beijing Jingliang Oil and Fat Co., Ltd.	400,000,000.00	4,540,646.03	2021.6.18	Effective from the date of deliberation and approval of the general meeting of shareholders in 2020 to the date of convening the general meeting of shareholders in 2021	No
Beijing Jingliang Oil and Fat Co., Ltd.	188,500,000.00	3,264,400.00	2021.6.18	From the date of drawing or actual occurrence of the first financing under the financing letter to two years after the maturity date of the latest one of all the financing provided by the bank during the occurrence of the guaranteed debt under the financing letter.	No
Jingliang (Singapore) International Trade Co., Ltd.	436,800,000.00	305,545,510.00	2021.5.17	From March 2, 2021 to March 2, 2026	No

Jingliang (Singapore) International Trade Co., Ltd.	370,000,000.00	265,942,308.35	2021.6.18	Effective from the date of deliberation and approval of the general meeting of shareholders in 2020 to the date of convening the general meeting of shareholders in 2021	No
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## **XIV. Events after the Balance Sheet Date**

### **1. Distribution of Profits**

As of the financial report date of the company, the 24th meeting of the ninth board of directors in 2022 approved that no profit distribution will be conducted in 2021, which still needs to be approved by the general meeting of shareholders.

## **XV. Other Important Matters**

### **1. Annuity Plan**

Basic information of annuity: Beijing Jingliang Food Co., Ltd., Beijing Guchun Oil Co., Ltd., Beijing Eisen Lubao Oil Co., Ltd., Beijing Jingliang Oil Co., Ltd. and Beijing Guchun Bread Food Co., Ltd. of the company participated in the enterprise annuity plan of Beijing shouong Food Group Co., Ltd., and formulated the implementation rules of their respective enterprises under the annuity plan. The name of the annuity plan is Ping An Jinxiu life enterprise annuity plan; the trustee and account manager are ping an Endowment Insurance Co., Ltd.; the trustee is China CITIC Bank Co., Ltd.

### **2. Information of Divisions**

#### **(1) Basis of determination and accounting policies for reporting of divisions**

The Company's businesses consist of food processing, oil and grease and so on according to its internal organizational structure, management requirements and internal reporting system. The Company's management regularly evaluates the operating results of these divisions to determine the allocation of resources to them and evaluate their performance. The information reported by divisions should be disclosed according to the accounting policies and measurement standards adopted by such divisions when they are reporting to the management. These measurement bases should be consistent with the accounting and measurement bases for preparation of financial statements.

#### **(2) Reporting of the financial information of divisions**

Item	Food Processing	Oil & Grease	Other	Offset Among Divisions	Total
Operating income	923,407,034.84	13,532,624,216.99	19,147,598.18	-2,712,085,014.45	11,763,093,835.56
Operating costs	695,212,963.09	13,019,942,435.75	9,047,615.76	-2,687,048,545.10	11,037,154,469.50
Operating profit	143,511,101.12	329,147,752.65	456,538,047.78	-615,303,028.14	313,893,873.41
Net profit attributable to parent company	111,657,924.43	283,588,240.34	453,536,391.13	-644,323,098.16	204,459,457.74
Total assets	1,129,395,611.60	8,120,235,309.43	2,927,459,631.31	-6,130,490,493.44	6,046,600,058.90
Total liabilities	181,357,027.44	4,760,321,999.97	42,492,656.55	-2,249,725,417.61	2,734,446,266.35

### **3. Lease**

The lessee shall disclose the following information in relation with the lease.

Item	Amount
Interest expense	158,835.45
Short-term lease payments charged to current profit or loss	5,686,616.63
Lease costs for low-value assets recognized in current profit or loss	

Item	Amount
Variable lease payments not included in the measurement of lease liabilities	
Income from sublease of right-to-use assets	
Total cash outflows related to leases	5,737,518.73
Gains and losses related to sale and leaseback transactions	

## XVI. Notes to Main Financial Statement Items of Parent Company

### 1. Accounts Receivable

(1) Disclosed according to aging

Aging	Ending Balance
Within 1 Year (including 1 year)	
Among them: Within credit period (within 3 months)	
Credit period to 1 year	
1 to 2 years (including 2 years)	
2 to 3 years (including 3 years)	
3 to 4 years (including 4 years)	
4 to 5 years (including 5 years)	3,000.00
More than 5 years	105,000.00
Sub-total	108,000.00
Less: Allowance for bad debts	107,400.00
Total	600.00

(2) Disclosed according to the method of provision for bad debt

Type(s)	Ending Balance				Book Value
	Book Balance		Bad Debt Provision		
	Amount	Ratio(%)	Amount	Provision Ratio(%)	
Separate provision for bad debts					
Portfolio provision for bad debts	108,000.00	100.00	107,400.00	99.44	600.00
Among them: Portfolio 1	108,000.00	100.00	107,400.00	99.44	600.00
Total	108,000.00	--	107,400.00	--	600.00

(Continued)

Type(s)	Beginning Balance		
	Book Balance	Bad Debt Provision	Book Value

	Amount	Ratio(%)	Amount	Provision Ratio(%)	
Separate provision for bad debts					
Portfolio provision for bad debts	126,420.00	100.00	114,636.00	90.68	11,784.00
Among them: Portfolio 1	126,420.00	100.00	114,636.00	90.68	11,784.00
Total	126,420.00	--	114,636.00	--	11,784.00

Portfolio provision for bad debts:

Portfolio provision item: aging portfolio

Name	Ending Balance			Beginning Balance		
	Accounts receivable	Bad Debt Provision	Provision Ratio	Accounts receivable	Bad Debt Provision	Provision Ratio
Within 1 Year (including 1 year)						
Among them: Within the credit period (within 3 months)						
Credit period to 1 year						
1 to 2 years (including 2 years)						
2 to 3 years (including 3 years)						
3 to 4 years (including 4 years)				3,000.00	1,500.00	50.00
4 to 5 years (including 5 years)	3,000.00	2,400.00	80.00	51,420.00	41,136.00	80.00
More than 5 years	105,000.00	105,000.00	100.00	72,000.00	72,000.00	100.00
Total	108,000.00	107,400.00	--	126,420.00	114,636.00	

(3) Details of bad debt provision

Type	Carrying amount at the beginning	Amount changes for the period				Carrying amount at the end
		Addition	Withdrawal or reversal	Write-off	Other changes	
Bad debt provision	114,636.00	11,184.00		18,420.00		107,400.00
Total	114,636.00	11,184.00		18,420.00		107,400.00

(4) Receivables actually written off in the current period

Item	Amount
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Item	Amount
Actual write-off amount	18,420.00

During the period, the board of directors approved to write off the Beijing Branch of Hainan Jingliang Holding Co., Ltd., and to write off the uncollectible receivables.

(5) Accounts Receivable of the Top 5 Balances Collected by Debtors at the End of the Period

Debtors	Book balance	Ratio of the total balance of accounts receivable(%)	Aging	Is it related	Bad debt provision
Hainan pearl river pipe pile co. LTD	108,000.00	100.00	4-5 years, more than 5 years	No	107,400.00
Total	108,000.00	100.00	—	—	—

**2. Other Receivables**

**A. Overview**

(1) Classification

Item	Ending Balance	Beginning Balance
Interest receivable		
Dividends receivable		
Other receivables	180,000,000.00	103,341.26
Total	180,000,000.00	103,341.26

**2. Other Receivables**

(1) Disclosed according to aging

Aging	Ending Balance
Within 1 Year (including 1 year)	180,000,000.00
Among them: Within credit period (within 3 months)	180,000,000.00
Credit period to 1 year	
1 to 2 years (including 2 years)	
2 to 3 years (including 3 years)	
3 to 4 years (including 4 years)	
4 to 5 years (including 5 years)	
More than 5 years	93,197.85
Sub-total	180,093,197.85
Less: Allowance for bad debts	93,197.85
Total	180,000,000.00

## (2) Classification of other receivables by nature of funds

Nature of Funds	Book Balance at End of Period	Book Balance at Beginning of Year
Intercourse Funds of Units	180,000,000.00	3,333.00
Employee Receivables		
Personal Intercourse Funds		50,000.00
Petty Cash	93,197.85	105,271.85
Others		
<b>Total</b>	<b>180,093,197.85</b>	<b>158,604.85</b>

## (3) Details about allowance for bad debt

Provision for bad debt	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss in the next 12 months	Expected credit loss for the whole period (no credit impairment)	Expected credit loss for the whole period (with credit impairment)	
Amount on January 1, 2021	5,263.59		50,000.00	55,263.59
Carrying amount on January 1, 2021 during this period:				
—Get into Stage 2				
—Get into Stage 3				
—Get back to Stage 2				
—Get back to Stage 1				
Provision for the period	87,934.26			87,934.26
Reverse for the period				
Transfer for the period				
Write off for the period			50,000.00	50,000.00
Other changes				
Balance at December 31, 2021	93,197.85			93,197.85

## (4) Details of bad debt provision

Type	Carrying	Amount changes for the period	Carrying
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	amount at the beginning	Addition	Withdrawal or reversal	Write-off	Other changes	amount at the end
Bad debt provision	55,263.59	87,934.26		50,000.00		93,197.85
Total	55,263.59	87,934.26		50,000.00		93,197.85

(5) Other receivables actually written off in the current period

Item	Amount
Receivables actually written off	50,000.00

During the period, the board of directors approved to write off the Beijing Branch of Hainan Jingliang Holding Co., Ltd., and to write off the uncollectible other receivables.

(6) Other receivables according to top five of balance at end of period collected by debtors

Name of Organization	Nature of Funds	Balance at End of Period	Aging	Proportion in overall ending balance of other receivables (%)	Ending balance of bad debt reserves
Beijing Grain Stock Co., Ltd.	Related party borrowing	180,000,000.00	Within 3 months	99.94	
Yan Yan	Reserve fund	46,000.00	2-3 years	0.026	46,000.00
Pai Feng	Reserve fund	26,671.80	2-3 years	0.015	26,671.80
Zhongwei Cui	Reserve fund	14,007.40	2-3 years	0.007	14,007.40
Xiaohong Liu	Reserve fund	5,170.00	2-3 years	0.003	5,170.00
Total	—	180,091,849.20	—	99.99	91,849.20

### 3. Long-term Equity Investment

Item	Ending Balance			Beginning Balance		
	Book Balance	Provision for Impairment	Book Value	Book Balance	Provision for Impairment	Book Value
Investment in subsidiaries	2,626,437,846.24		2,626,437,846.24	2,626,437,846.24		2,626,437,846.24
Total	2,626,437,846.24		2,626,437,846.24	2,626,437,846.24		2,626,437,846.24

(1) Investment in subsidiaries



Invested Entity	Beginning Balance	Current Increase	Current Decrease	Ending Balance	Current Provision for Impairment	Ending Balance of Provision for Impairment
Beijing Jingliang Food Co., Ltd.	2,336,639,964.05			2,336,639,964.05		
Zhejiang little prince Food Co., Ltd	249,017,319.14			249,017,319.14		
Jingliang rural complex construction and operation (Xinyi) Co., Ltd	15,280,563.05			15,280,563.05		
Jingliang (Caofeidian) Agricultural Development Co., Ltd.	25,500,000.00			25,500,000.00		
<b>Total</b>	<b>2,626,437,846.24</b>			<b>2,626,437,846.24</b>		

#### 4. Operating income and operating costs

##### 1. Details of operating income and operating costs

Item	Current Amount		Last Term Amount	
	Income	Cost	Income	Cost
Core business				
Other businesses	591,060.56	341,162.52	1,181,687.83	
<b>Total</b>	<b>591,060.56</b>	<b>341,162.52</b>	<b>1,181,687.83</b>	

##### 5. Income from investment

Sources of investment income	Current Amount	Last Term Amount
Long term equity investment income calculated by cost method	461,597,751.35	205,893,687.32
Others		506,874.91
<u>Total</u>	<u>461,597,751.35</u>	<u>206,400,562.23</u>

#### XVII. Supplementary Information

1. According to the requirements of the CSRC's "Explanatory Announcement on Information Disclosure of Companies Publicly Issuing Securities No. 1 - Non-recurring Gains and Losses", the non-recurring gains and losses during the reporting period shall be reported

### 1. Details of non-recurring profit and loss in the reporting period

Details of non-recurring profit and loss	Amount	Note
(1) Gains and losses on disposal of non current assets	-208,369.12	
(2) Government subsidies included in the current profits and losses (closely related to the business of the enterprise, except the government subsidies enjoyed according to the national unified standard quota or quantitative)	5,397,695.52	
(3) In addition to the effective hedging business related to the normal business of the company, the profit and loss from changes in fair value arising from holding trading financial assets, derivative financial assets, trading financial liabilities and derivative financial liabilities, as well as the investment income from the disposal of trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities and other debt investments	6,221,323.63	
(4) Other non-operating income and expenses other than the above	1,564,510.91	
(5) Other profit and loss items that meet the definition of non recurring profit and loss		
Total non recurring profit and loss	12,975,160.94	
Less: amount affected by income tax	3,214,422.14	
Non recurring profit and loss after deducting the influence of income tax	9,760,738.80	
Including: non recurring profit and loss attributable to the owner of the parent company	9,036,938.63	
Non recurring profit and loss attributable to minority shareholders	723,800.17	

### 2. Return on equity and earnings per share

Current Profit	Weighted Return on Average Equity (ROAE) (%)	EPS	
		Basic EPS	Diluted EPS
Net profit attributable to the Company's common shareholders	7.27	0.28	0.28
Net profit attributable to common shareholders after deduction of non-recurring gains and losses	6.95	0.27	0.27