



SHENZHEN CEREALS HOLDINGS CO., LTD.

SEMI-ANNUAL REPORT 2021

August 2021

Section I. Important Notice, Contents and Interpretation

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

Person in charge of the Company Zhu Junming, Head of Accounting Lu Yuhe and Head of Accounting Institution (Accounting Supervisors) Wen Jieyu hereby confirm that the Financial Report of Semi-Annual Report 2021 is authentic, accurate and complete.

In addition to the following directors, other directors attended the Board Meeting for the deliberation of the semi-annual report.

Name of the director not present in person	Title of the director not present in person	Reason for not attending the meeting in person	Entrusted person
Zhu Junming	Chairman	Vacation	Lu Qiguang
Hu Xianghai	director	Vacation	Lu Qiguang

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

The Company has analyzed the risk factors that the Company may exist and its countermeasures in the report, investors are advised to pay attention to read “Risks and Countermeasures” in the report of Section III-Management

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

The Company plans not to distributed cash dividend, bonus and no capitalizing of common reserves either.

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Documents Available for Reference

1. Text of financial statement with signature and seals of legal person, person in charge of accounting works and person in charge of accounting institution;
2. Original and official copies of all documents which have been disclosed on *Securities Times*, *China Securities Journal*, *Hong Kong Commercial Daily* and Juchao Website (www.cninfo.com.cn) in the report period;
3. Original copies of 2021 Semi-Annual Report with signature of the Chairman.

Interpretation

Items	Refers to	Contents
SZCH/Listed Company /the Company/	Refers to	Shenzhen Cereals Holdings Co., Ltd.
SZCG	Refers to	Shenzhen Cereals Group Co., Ltd
Hualian Company	Refers to	Shenzhen Hualian Grain and Oil Trading Co., Ltd.
Shenliang Doximi	Refers to	Shenliang Doximi Business Co., Ltd.
Flour Company	Refers to	Shenzhen Flour Co., Ltd
Shenliang Quality Inspection	Refers to	Shenliang Quality Inspection Co., Ltd.
Dongguan Logistics	Refers to	Dongguan Shenliang Logistics Co., Ltd.
Dongguan Food Industrial Park	Refers to	Dongguan International Food Industrial Park Development Co., Ltd.
Shenliang Cold Chain	Refers to	Shenzhen Shenliang Cold Chain Logistics Co., Ltd.
Shenliang Property	Refers to	Shenzhen Shenliang Property Development Co., Ltd.
Shenliang Big	Refers to	Shenzhen Shenliang Big Kitchen Food Supply Chain Co., Ltd
Shenbao Huacheng	Refers to	Shenzhen Shenbao Huacheng Technology Co., Ltd.
Shenbao Investment	Refers to	Shenzhen Shenshenbao Investment Co., Ltd.
Food Materials Group	Refers to	Shenzhen Food Materials Group Co., Ltd
Agricultural Products	Refers to	Shenzhen Agricultural Products Group Co., Ltd
Shenzhen SASAC	Refers to	Shenzhen Municipal People's Government State-owned Assets Supervision & Administration Commission
CSRC	Refers to	China Securities Regulation Commission
SSE	Refers to	Shenzhen Stock Exchange
Article of Association	Refers to	Article of Association of Shenzhen Cereals Holdings Co., Ltd.
RMB/10 thousand Yuan	Refers to	CNY/ten thousand Yuan

Section II Company Profile and Main Financial Indexes

I. Company profile

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

II. Person/Way to contact

	Secretary of the Board	Rep. of security affairs
Name	Chen Xiaohua	Chen Kaiyue, Liu Muya
Contact add.	13/F, Tower A, World Trade Plaza, No.9 Fuhong Rd., Futian District, Shenzhen	13/F, Tower A, World Trade Plaza, No.9 Fuhong Rd., Futian District, Shenzhen
Tel.	0755-83778690	0755-83778690
Fax.	0755-83778311	0755-83778311
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III. Others

1. Way of contact

Whether registrations address, offices address and codes as well as website and email of the Company changed in reporting period or not

Applicable Not applicable

The registrations address, offices address and codes as well as website and email of the Company have no changes in the Period, found more in Annual Report 2020.

2. Information disclosure and preparation place

Whether information disclosure and preparation place changed in reporting period or not

Applicable Not applicable

The newspaper appointed for information disclosure, website for semi-annual report publish appointed by CSRC and preparation place for semi-annual report have no change in reporting period, found more details in Annual Report 2020.

IV. Main accounting data and financial indexes

Whether information disclosure and preparation place changed in reporting period or not

Yes No

	Current Period	Same period of last year	Changes over last year (+,-)
Operating revenue (RMB)	5,262,189,180.53	4,740,428,222.10	11.01%
Net profit attributable to shareholders of the listed Company (RMB)	243,846,874.76	210,738,686.12	15.71%
Net profit attributable to shareholders of the listed Company after deducting non-recurring gains and losses (RMB)	237,039,666.31	196,760,081.80	20.47%
Net cash flow arising from operating activities (RMB)	-691,272,151.33	9,610,361.15	-7,292.99%
Basic earnings per share (RMB/Share)	0.2116	0.1828	15.75%
Diluted earnings per share (RMB/Share)	0.2116	0.1828	15.75%
Weighted average ROE	5.17%	4.66%	0.51%
	End of current Period	End of last year	Changes over end of last year (+,-)
Total assets (RMB)	8,429,737,224.82	7,309,384,147.93	15.33%
Net assets attributable to shareholder of listed Company (RMB)	4,448,099,108.10	4,595,331,999.76	-3.20%

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

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

Applicable Not applicable

In RMB

	Net profit attributable to shareholders of listed Company		Net assets attributable to shareholders of listed Company	
	Current period	Last period	Period-end	Period-begin
Chinese GAAP	243,846,874.76	210,738,686.12	4,448,099,108.10	4,595,331,999.76
Items and amount adjusted by IAS				
Adjustment for other payable fund of stock			1,067,000.00	1,067,000.00

market regulation				
IAS	243,846,874.76	210,738,686.12	4,449,166,108.10	4,596,398,999.76

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

Applicable Not applicable

The Company has no above mentioned condition occurred in the period

3. Explanation on differences of the data under accounting standards in and out of China

Applicable Not applicable

VI. Items and amounts of extraordinary profit (gains)/loss

Applicable Not applicable

In RMB

Item	Amount	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	4,753.12	
Governmental subsidy reckoned into current gains/losses (not including the subsidy enjoyed in quota or ration according to national standards, which are closely relevant to enterprise's business)	4,811,695.56	
Profit and loss of assets delegation on others' investment or management	3,061,191.63	
Gains and losses from change of fair values of held-for-transaction financial assets, derivative financial assets, held-for-transaction financial liability and derivative financial liability except for the effective hedge business related to normal business of the Company, and investment income from disposal of tradable financial assets, derivative financial assets, tradable financial liability, derivative financial liability and other debt investment.	288,972.32	
Other gains/losses items that conform to the definition of non-recurring gains/losses	1,529,279.86	
Less: impact on income tax	2,005,561.30	
Impact on minority shareholders' equity (post-tax)	883,122.74	
Total	6,807,208.45	--

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

Applicable Not applicable

In reporting period, the Company has no particular about items defined as recurring profit (gain)/loss according to the lists of

extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*

Section III Management Discussion and Analysis

I. Main businesses of the Company in the reporting period

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

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

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

The leasing and business service refers to providing the professional import & export trade, warehousing & storage, logistic & distribution, quality inspection & information technology services, property leasing and management, business operation management services for all kinds of clients in the upstream and downstream of the industrial chain, by using the advantage of brand reputation, operation service capacity and facility technology that accumulated in field of grain and oil market. Its Dongguan smart gain logistics complex is a comprehensive grain distribution service body integrating five major functions: grain & oil terminal, transit reserve, testing &

distribution, processing & production and market trading; The Shenliang Quality Inspection was awarded as “Guangdong Shenzhen National Grain Quality Monitoring Station”. the subsidiary Shenliang Cold Chain provides cold chain of food storage and distribution services to the customers, and Shenliang Property is a professional assets management platform enterprise.

II. Core Competitiveness Analysis

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

(1) Operation mechanism

The core management team of the company has rich experience, and has a strong strategic vision and pragmatic spirit. Combined with the actual development of the Company, formulated a set of effective mechanisms to promote the quality and efficiency of business development. The company vigorously promotes the innovation and transformation of business models, and actively promotes the transition from “trade-oriented enterprises” to “service-oriented enterprises”, and from “operational management and control” to “strategic management and control”. In business control, the company has built a "six-in-one" new control system with relative separation and mutual checks and balances among "business operation and funds management, inventory management, quality management, contract management, information system management". By strengthening the whole process risk supervision, budget management, plan management, contract management, customer management and brand management, it effectively reduced business risks while fully participating in market competition, and realized the deep integration of "ensuring grain security" and "promoting development". Through innovative talent development mechanism, the company has established an open talent team to meet the long-term development of enterprises and reserve intelligence for the enterprise upgrading and development. The company has innovated and implemented the EVA performance appraisal mechanism and established a result-oriented incentive and restraint assessment mechanism which effectively built the performance culture and stimulated the viability within the enterprise. The company insists on cultivating and advocating the corporate culture with “people-oriented, performance first, excellent quality, and harmony” as the core values, combines the personal development goals of employees with the corporate vision, and enhances the cohesiveness and centripetal force of the enterprise.

(2) Business model

The company deeply engages in segmenting the target market, provides diversified product supply services for customers in different areas of the industry chain, establishes a multi-level product supply network covering online and offline, and realizes the transformation of product supply to "remoteness, intelligentization, and self-service". In terms of grain and oil trading services, the bulk commodity trading platform www.zglsjy.com.cn

created by its subsidiary Hualian Company efficiently integrates business flow, logistics, and information flow, improves circulation efficiency, and provides spot listings, one-way bidding, basis price, financing, logistics, quality inspection, information and other services for internal business units, suppliers and customers. In terms of e-commerce, SZCH doximi actively promotes the development of new grain retail formats such as "Internet + Grain" and "Community Automatic Grain Sales Stations", it has a B2C grain and oil online direct sales platform "doximi.com", and has opened channels on e-commerce platforms such as Tmall and Jingdong Mall so as to promote the deep integration of online and offline e-commerce platforms. In terms of group meal supply, its subsidiary SZCH Beige has established a one-stop distribution service platform serving large end customers, providing high-quality and safe smart group meal food services for group users such as enterprises, schools, and government institutions. In terms of comprehensive tea drinking services, its subsidiary Shenbao Investment has launched a micro-complex "Cha Mi Xiang Qi" with a combination of "light drinks", "light food" and "light retail" functions.

(3) Information technology

The company attaches great importance to the transformation and upgrading of traditional industries with modern technological means, and actively introduces new-generation information technologies such as the Internet of Things, cloud computing, big data, and mobile Internet into grain management, forming an information system that can cover the entire industrial chain of the grain industry, and promoting the "Internet + Grain" industry development. The company's informatization construction capability is at the leading level in the grain reserves industry, taking the lead in building the warehouse management of "standardization, mechanization, informatization, and harmlessness" in the industry, the self-developed "Grain Logistics Information System (SZCG GLS)" has built a framework for the construction of grain informatization work, innovated the grain management model, led the development direction of the grain industry, and became a benchmark for the national grain industry. The project was awarded the "National IoT Major Application Demonstration Project" by the National Development and Reform Commission and the Ministry of Finance. The company has undertaken a number of national-level research projects, the results of a number of informatization projects have won national, provincial and municipal awards, and more than 30 information systems have been developed and are operating normally.

(4) R&D capabilities

The company has strong research and development capabilities in the field of food and beverage, gathers leading technological advantages and equipment systems, has Jiangxi provincial enterprise technology center, Shenzhen municipal research and development center (technology center) and Shenzhen plant deep processing technology engineering laboratory. Its subsidiaries, Shenbao Huacheng and Wuyuan County Jufangyong Tea Co., Ltd., have obtained national high-tech enterprise certification. Shenbao Huacheng has independently researched and developed more than 50 patented technologies for tea powder, tea concentrated juice and plant extraction, published more than 30 scientific papers, and won a number of awards such as Science and Technology Progress Award of the Ministry of Agriculture, Zhejiang Science and Technology Award, Science and Technology Award of

Chinese Academy of Agricultural Sciences, Jiangxi Science and Technology Progress Award, Science and Technology Award of China National Light Industry Council, etc., presided over or participated in the preparation of national standards "GBT 21733-2008 Tea Drinks" and two industry standards, i.e. "Tea Concentrated Juice for Food Industry - Light Industry Standard QB-T 4068- 2010" and "Instant Tea Powder for Food Industry - Light Industry Standard QB-T 4067-2010" .

(5) Quality control

The company implements grain and oil quality standards that are higher than national standards. The subordinate SZCG Quality Inspection has the leading grain and oil quality inspection technology and equipment in the domestic grain industry, and is included in the national grain quality supervision and inspection system. It was awarded the "Guangdong Shenzhen National Grain Quality Monitoring Station" by the State Administration of Grain and obtained the assessment certificate of agricultural product quality and safety inspection agency (CATL) and the qualification certificate of inspection agency (CMA) etc, and total number of certified testing capability items is 756. Shenliang Quality Inspection takes the lead in listing pesticide residues, heavy metal pollutants, fungal toxins and other hygiene indicators as well as food taste indicators in the daily inspection indicators. It has the ability to detect four types of indicators of generic quality, storage quality, food security & quality and other four types of indicators of testing capacity, the detection capability can meet the relevant quality detection requirements of grain and oil products, and can accurately analyze the nutritional composition and hygienic indicators of the grain and determine its storage and edible quality. It has initiated the "digital laboratory" in the grain industry, real-time monitoring of the entire process of cuttings, testing, distribution, etc., relying on collaborative platforms to save, retrieve, integrate, analyze and share grain and oil testing data to achieve 100% coverage of grain & oil product inspection, and 100% product quality qualification rate of the factory. Subsidiary Shenbao Huacheng has established a quality control system recognized by large international food and beverage companies, and has successfully passed the quality certification of global suppliers of Coca-Cola, Lipton, Kraft, Suntory, and Nestlé

(6) Brand effect

The company was awarded the "Top 500 Service Enterprises in China", "China Top Ten Grain and Oil Groups", "China Top 100 Grain and Oil Enterprises", "National Leading Enterprise Supporting Grain and Oil Industrialization", "National Quality Benchmark", "Top 10 Food Digital Technology Applications" and other honors, and has been evaluated as "Shenzhen Top 100 Industry Leaders", "Shenzhen Time-honored Brand", and "Shenzhen Well-known Brand", and it is a "rice bag" trusted by the public. The company owns many well-known brands and platforms such as "Shenzhen Flour", "SZCH Doxi", "SZCH Yushuiqing", "Beige Kitchen", "www.zglsjy.com.cn", "Shenbao Teabank", "Wuyuan Jufangyong" and other well-known brands and platforms, and has gradually built up a complete industrial system with the elements of "rice" + "tea". The Changxiangdao Daohuaxiang Rice, held by the Shenliang Doximi, was selected as the first batch of "China Good Cereals and Oils" by the State Administration of Grain. The company keeps abreast with the international first-class standards and builds high-quality urban food brands, its 35 products have obtained the "Zhen Pin" certification, and the

company's corporate recognition, market reputation, and social recognition have continued to increase.

III. Main business analysis

See the “I-Main businesses of the Company in the reporting period”

Y-o-y changes of main financial data

In RMB

	Current period	Same period of last year	Y-o-y increase/decrease	Reasons for changes
Operation revenue	5,262,189,180.53	4,740,428,222.10	11.01%	
Operation cost	4,650,397,070.67	4,219,403,828.80	10.21%	
Sales expenses	106,711,776.77	109,796,698.11	-2.81%	
Management expenses	109,316,093.65	101,838,460.53	7.34%	
Financial expenses	17,204,774.52	6,155,212.61	179.52%	Mainly due to the increase in borrowings and part of the engineering projects have been transferred to fixed assets in the period, resulting in an increase in expensed interest.
Income tax expense	13,407,354.56	2,465,268.63	443.85%	Lower income tax expense base due to the rent reduction in the prior period for the epidemic
R&D investment	10,926,018.15	7,368,772.68	48.27%	Investment for R&D increased in the Period
Net cash flow arising from operation activities	-691,272,151.33	9,610,361.15	-7,292.99%	Increase in food and oil purchases in the period
Net cash flow arising from investment activities	-267,111,859.35	-70,334,070.80	-279.78%	Purchase equity of the minority shareholders of Dongguan Logistics in the period
Net cash flow arising from financing activities	836,677,347.40	19,387,290.61	4,215.60%	The working capital loans increased in the period
Net increase of cash and cash equivalent	-121,720,142.83	-41,317,771.47	-194.60%	Mainly due to the y-o-y change impact of net cash flow arising from operation activities

Major changes on profit composition or profit resources in reporting period

Applicable Not applicable

No major changes on profit composition or profit resources occurred in reporting period

Constitute of operation income

In RMB

	Current period		Same period last year		Increase/decrease y-o-y (+,-)
	Amount	Ratio in operation income	Amount	Ratio in operation income	
Total operation revenue	5,262,189,180.53	100%	4,740,428,222.10	100%	11.01%
According to industries					
Wholesale and retail	4,400,038,220.56	83.62%	4,082,124,009.24	86.11%	7.79%
Leasing and commercial services	476,311,036.38	9.05%	417,157,357.85	8.80%	14.18%
Manufacturing	385,839,923.59	7.33%	241,146,855.01	5.09%	60.00%
According to products					
Grain and oil trading and processing	4,675,804,942.84	88.86%	4,229,578,137.45	89.22%	10.55%
Grain and oil storage, logistics and services	422,355,721.28	8.03%	377,567,473.64	7.96%	11.86%
Food & beverage and tea processing	111,339,446.11	2.11%	93,692,726.80	1.98%	18.83%
Leasing and others	52,689,070.30	1.00%	39,589,884.21	0.84%	33.09%
According to region					
Domestic market	5,245,073,883.18	99.67%	4,721,086,070.54	99.59%	11.10%
Exportation	17,115,297.35	0.33%	19,342,151.56	0.41%	-11.51%

About the industries, products, or regions accounting for over 10% of the Company's operating income or operating profit

Applicable Not applicable

In RMB

	Operation revenue	Operation cost	Gross profit ratio	Increase/decrea se of operation revenue y-o-y	Increase/decrea se of operation cost y-o-y	Increase/decrea se of gross profit ratio y-o-y
According to industries						
Wholesale and retail	4,400,038,220.56	4,133,013,050.29	6.07%	7.79%	6.30%	1.31%
According to products						

Grain and oil trading and processing	4,675,804,942.84	4,412,107,449.49	5.64%	10.55%	9.60%	0.82%
According to region						
Domestic market	5,245,073,883.18	4,637,681,823.32	11.58%	11.10%	10.33%	0.62%

Under circumstances of adjustment in reporting period for statistic scope of main business data, adjusted main business based on latest one year's scope of period-end

Applicable Not applicable

Reasons for y-o-y relevant data with over 30% changes

Applicable Not applicable

IV. Analysis of the non-main business

Applicable Not applicable

In RMB

	Amount	Ratio in total profit	Causes	Whether be sustainable
Investment income	3,501,371.30	1.35%		Unsustainable
Gains/losses of fair value variation	288,972.32	0.11%		Unsustainable
Asset impairment	-111,448,173.12	-43.00%	Accrual of the reserve for falling prices of goods in stock. When selling the goods with falling prices accrual, the actual carrying forward of the reserves will be used to offset the current cost	Unsustainable
Non-operating income	1,627,702.56	0.63%		Unsustainable
Non-operating expense	403,164.30	0.16%		Unsustainable

V. Assets and liability analysis

1. Major changes of assets composition

In RMB

	End of current period	End of last year	Ratio	Notes of major changes
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	Amount	Ratio in total assets	Amount	Ratio in total assets	changes	
Monetary fund	68,774,083.11	0.82%	190,494,225.94	2.61%	-1.79%	The operating expenses increased in the Period
Account receivable	712,441,439.01	8.45%	198,311,102.17	2.71%	5.74%	The income from grain & oil reserve services have not yet been returned in the period
Inventory	4,130,250,968.86	49.00%	3,418,328,974.27	46.77%	2.23%	Increase in food and oil purchases in the period
Investment real estate	244,847,354.37	2.90%	253,037,899.57	3.46%	-0.56%	
Long-term equity investment	73,655,327.51	0.87%	73,215,147.84	1.00%	-0.13%	
Fix assets	1,339,305,491.07	15.89%	1,122,692,490.55	15.36%	0.53%	Part of the engineering projects of Dongguan Logistics have been transferred to fixed assets in the period
Construction in process	868,979,194.24	10.31%	1,045,643,295.57	14.31%	-4.00%	Part of the engineering projects of Dongguan Logistics have been transferred to fixed assets in the period
Right-of-use assets	89,811,269.93	1.07%			1.07%	The lease right-of-use assets recognized under the new lease standards in the period
Short-term loans	1,212,686,540.73	14.39%	110,318,727.12	1.51%	12.88%	The working capital loans increased in the period
Contract liability	149,884,356.62	1.78%	108,975,866.82	1.49%	0.29%	
Long-term loans	805,594,327.98	9.56%	841,864,531.75	11.52%	-1.96%	
Lease liability	91,245,488.14	1.08%			1.08%	The lease liability recognized under the new lease standards in the period

2. Main overseas assets

Applicable Not applicable

3. Assets and liability measured by fair value

Applicable Not applicable

In RMB

Items	Opening amount	Changes of fair value gains/losses in this period	Accumulative changes of fair value reckoned into equity	Devaluation of withdrawing in the period	Amount of purchase in the period	Amount of sale in the period	Other changes	Ending amount
Financial assets								
1. Trading financial assets (excluding derivative financial assets)	160,621,806.51	288,972.32				160,000,000.00		910,778.83
Other non-current financial assets	57,500.00							57,500.00
Aforementioned total	160,679,306.51	288,972.32				160,000,000.00		968,278.83
Financial liabilities	0.00							0.00

Content of other changes

N/A

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

Yes No

4. The assets rights restricted till end of the period

Item	Ending book value	Reasons for restriction
Fixed assets	671,932,275.20	According to the long-term loan mortgage contract signed by the Company, Shenzhen Branch of Agricultural Development Bank and Huizhou Zhongkai Sub-branch of HSBC, the Company has mortgaged the real estate property rights of the structures of Yue (2020) Dongguan Property Right No. 0127118, Yue (2020) Dongguan Property Right No. 0127119, Yue (2020) Dongguan Property Right No. 0127120, and Yue (2020) Dongguan Property Right No.0119705 at No. 10,

		Jingang South Road, Machong Town, Dongguan City and other aground buildings to Shenzhen Branch of Agricultural Development Bank and Huizhou Zhongkai Sub-branch of HSBC in sequence as loan collateral.
Intangible assets	68,667,888.52	According to the loan contract Yue DG2017 NGDZ No. 006 signed by International Food Company, a subsidiary of the Company, and Bank of Communications Co., Ltd., Dongguan Branch, International Food Company has mortgaged its two pieces of land "DFGY (2009) DT No. 190" and "Yue(2020) Dongguan Real Estate Right No. 0321771" to the Bank of Communications Co., Ltd., Dongguan Branch as loan collateral.
Intangible assets	35,398,230.05	According to the long-term loan mortgage contract signed by the Company and Dongguan Branch of CMB, Dongguan Logistics Company has mortgaged the real estate rights of the structures of Yue (2016) Dongguan Property Right No. 0028527 at No. 10, Jingang South Road, Machong Town, Dongguan City to Dongguan Branch of CMB as loan collateral.
Total	775,998,393.77	

VI. Investment analysis

1. Overall situation

Applicable Not applicable

Investment in reporting period (RMB)	Investment in the same period of last year (RMB)	Changes (+,-)
423,203,922.73	107,920,927.79	292.14%

2. The major equity investment obtained in the reporting period

Applicable Not applicable

In RMB

Investee company	Main business	Investment method	Amount invested	Shareholding ratio	Capital source	Partners	Investment term	Product type	Progress as of the balance sheet date	Expected earnings	Gain/loss on investment in current period	Whether it is involved in a lawsuit (Y/N)	Date of disclosure (if any)	Disclosure index (if any)

Dongguan Shenliang Logistics Co., Ltd.	Grain storage logistics	Acquisition	321,680,000.00	100.00%	Own funds	-	-	-	Completed the business change registration	0.00	0.00	N	2 June 2021	“Acquisition of the 49% equity of Dongguan Shenliang Logistics Co., Ltd.” (Notice No.:2021-17) released on Juchao Website (www.cninfo.com.cn) dated 2 June 2021
Total	--	--	321,680,000.00	--	--	--	--	--	--	0.00	0.00	--	--	--

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

√ Applicable □ Not applicable

In RMB

Item	Investment method	Whether it is the fixed assets investment (Y/N)	Industry with the investment involved	Amount input in the period	Accumulated actual input as of the end of reporting period	Capital sources	Progress	Expected earnings	Income accumulated at end of the reporting period	Reasons for failure to achieve planned progress and expected benefits	Date of disclosure (if any)	Disclosure index (if any)
Dongguan Shenliang	Self-build	Y	Storage and	13,582,785.9	419,517,999.	Owned	100.00%			-		

Logistics Co., Ltd.- Grain storage and wharf complementary engineering			wharf	9	28	Funds and Bank Loans						
Dongguan Shenliang Logistics Co., Ltd.- Grain storage and wharf complementary engineering (Phase II)	Self-build	Y	Storage and wharf		172,810,142.85	Owned Funds and Bank Loans	100.00%				-	
Dongguan International Food Industrial Park Development Co., Ltd.-Warehouse logistic distribution center	Self-build	Y	Warehouse logistic	7,665,976.79	957,511,995.31	Owned Funds and Bank Loans	88.06%	52,799,890.96	23,926,145.22		Construction program adjustment	
Dongguan Shenliang Logistics Co., Ltd.-Grain logistics and wharf complementary engineering	Self-build	Y	Warehouse logistic	1,739,280.51	93,052,038.79	Owned Funds and Bank Loans	17.17%				Construction program adjustment	
Dongguan Shenliang Logistics	Self-build	Y	Warehouse logistic	5,345,529.30	5,345,529.30	Owned Funds	42.76%				New construction	

Co., Ltd.-Alcotta ge warehouse			c			and Bank Loans				n		
Land use right	Self-bu ild	N	Constr uction		245,01 8,960. 82	Owne d Funds				-		
Total	--	--	--	28,333 ,572.5 9	1,893, 256,66 6.35	--	--	52,79 9,890 .96	23,92 6,145 .22	--	--	--

4. Financial assets investment

(1) Securities investment

√ Applicable □ Not applicable

Variety of securities	Code of securities	Short form of securities	Initial investment cost	Accounting measurement model	Book value at the beginning of the period	Changes in fair value of the current profit and loss	Cumulative fair value changes in equity	Current purchase amount	Current sales amount	Profit and loss in the Reporting Period	Book value at the end of the period	Accounting subject	Capital Source
Domestic and overseas stock	000017	Zhonghua-A	0.00	Fair value measurements	621,806.51	288,972.32				288,972.32	910,778.83	Tradable financial assets	Debt rescheduled shares
Total			0.00	--	621,806.51	288,972.32	0.00	0.00	0.00	288,972.32	910,778.83	--	--
Disclosure date of securities investment approval of the Board		Not applicable											
Disclosure date of securities investment approval of the Shareholder Meeting (if applicable)		Not applicable											

(2) Derivative investment

Applicable Not applicable

The Company has no derivatives investment in the Period

VII. Sales of major assets and equity

1. Sales of major assets

Applicable Not applicable

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

2. Sales of major equity

Applicable Not applicable

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

Applicable Not applicable

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

In RMB

Company name	Type	Main business	Register capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Shenzhen Cereals Group Co., Ltd	Subsidiary	Grain & oil trading processing, Grain and oil reserve service	1,530,000,000.00	7,905,807,107.80	4,005,341,666.69	5,075,167,561.24	227,542,574.06	215,483,330.97
Shenzhen Flour Co., Ltd	Subsidiary	Grain & oil trading processing	30,000,000.00	1,008,586,902.83	102,377,425.79	1,718,389,940.19	38,937,975.88	38,938,653.06
Shenzhen Hualian Grain and Oil Trading Co., Ltd.	Subsidiary	Grain & oil trading	100,000,000.00	2,035,583,513.97	309,640,159.40	1,731,978,543.62	51,276,718.59	51,134,582.88

Particular about subsidiaries obtained or disposed in report period

Applicable Not applicable

Company name	The way of getting and treating subsidiary in the reporting	Influence on overall product and performance
Dongguan Shenliang Hualian Grain & oil trading Co., Ltd.	Establishment	No operating business has occurred yet

Explanation on main holding/stock-jointly enterprise:

Shenzhen Cereals Group Co., Ltd: general business items: grain and oil purchase and sales, grain and oil storage and supply of military grain; grain and oil and products management and processing (operated by branches); operation and processing of feed (operated by outsourcing); investment in grain and oil, feed logistics projects; establishing grain and oil and feed trading market (including e-commerce market) (market license is also available); storage (operated by branches); development, operation and management of free property; providing management services for hotels; investing and setting up industries (specific projects are separately declared); domestic trade; engaging in import and export business; E-commerce and information construction; and grain circulation service. Licensed business items: the following projects shall be operated only with the relevant examination and approval documents if they are involved in obtaining approval: information services (internet information service only); general freight, professional transport (refrigerated preservation). Register capital was 1,530,000,000.00 Yuan. Ended as this period, total assets amounted as 7,905,807,107.80 Yuan, and net assets amounting to 4,005,341,666.69 Yuan, shareholders' equity attributable to parent Company is 3,816,559,564.40 Yuan; in the reporting period, achieved operation revenue, net profit and net profit attributable to shareholder of parent Company as 5,075,167,561.24 Yuan, 215,483,330.97Yuan and 213,542,280.46 Yuan respectively.

Shenzhen Flour Co., Ltd: business scope: hardware and electrical equipment, chemical products (excluding hazardous chemicals and restricted items), auto parts, purchase and sales of construction materials; self-operated import and export business (carry out according to the provisions of the registration certificate SMGDZZ No. 76); domestic trade (excluding franchise, exclusive control, monopoly commodities); wheat wholesale and retail; flour processing and production. Register capital was 30,000,000.00 Yuan. Ended as this period, total assets amounted as 1,008,586,902.83 Yuan, and net assets amounting to 102,377,425.79 Yuan, shareholders' equity attributable to parent Company is 102,377,425.79 Yuan; in the reporting period, achieved operation revenue, net profit and net profit attributable to parent Company as 1,718,389,940.19 Yuan, 38,938,653.06 Yuan and 38,938,653.06 Yuan respectively.

Shenzhen Hualian Grain and Oil Trading Co., Ltd.: Business scope: general business items: domestic trade (except for projects that laws, administrative regulations, and decisions of the State Council require approval before registration); engaging in import and export business (except for projects prohibited by laws, administrative regulations, and decision of the State Council, restricted projects can be operated only after obtaining permission); online feed sales; information consultation, self-owned housing leasing (excluding talent agency services and other restricted items); international freight forwarding, domestic freight forwarding (can only be operated after being approved by the transport department if laws, administrative regulations, State Council decision require the approval of transport department); Licensed business items: purchase and sale of grain and oil, online sales of grain and oil; information service business (internet information service business only). Register capital was 100,000,000.00 Yuan. Ended as this period, total assets amounted as 2,035,583,513.97 Yuan, and net assets amounting to 309,640,159.40 Yuan, shareholders' equity attributable to parent Company is

286,114,190.37 Yuan; in the reporting period, achieved operation revenue, net profit and net profit attributable to parent Company as 1,731,978,543.62 Yuan, 51,134,582.88 Yuan and 51,816,675.78 Yuan respectively.

IX. Structured vehicle controlled by the Company

Applicable Not applicable

X. Risks and countermeasures

1. The risk of the impact of the COVID-19 epidemic

Since year of 2020, the global spread of the COVID-19 epidemic has affected macroeconomic operations to varying degrees. Judging from the current situation, although the domestic epidemic has occurred sporadically, the overall situation has been brought under control. The overseas epidemic still has the risk of instability, making the economy unpredictable and uncertain, which may affect the company's production, trade, and industrial supply chain. The epidemic has caused increases in various costs such as raw material costs, labor costs, and logistics costs. In response to this risk, the company will unswervingly do a good job of epidemic prevention and strictly implement various epidemic prevention measures to ensure the orderly production and operation of the company.

2. Food safety risk

On the one hand, our country is paying more and more attention to food safety and strengthening the supervision. On the other hand, consumers' awareness of food safety and rights protection is also increasing. Food safety has become the industry's number one risk, especially after the COVID-19 epidemic, consumers' attention to food safety and cleanliness is rapidly increasing in the short term, and put forward higher requirements for food hygiene and safety.

The company has always regarded food quality and safety as the most important core work. The first is to strictly implement laws and regulations related to national food safety, and assume the social responsibility of supplying high-quality and safe food to the market. The second is to strengthen the quality of raw materials and strengthen quality control from the source. The third is to strengthen production management, standardize production operations, and implement quality responsibilities. The fourth is to strengthen staff's operating skills and safety awareness training to prevent product quality accidents caused by non-standard operations or weak food safety awareness. The fifth is to continuously improve product quality assurance level through technological transformation and technological progress. The sixth is to strengthen product transportation and storage management to prevent secondary pollution of products.

3. Raw material fluctuation risk

On the one hand, with the implementation of the quantitative easing policy of the US dollar and major currencies in the world, the speculative nature and hedging preferences of capital will cause social funds to flow into the bulk commodity sector, which will lead to violent fluctuations in domestic and foreign bulk commodity prices. On the other hand, with the outbreak of the COVID-19 epidemic, most countries' controls on the export of agricultural

products will have a major impact on prices; at the same time, the epidemic will also affect the normal operation of the supply chain in various regions and have a direct impact on the supply of bulk agricultural and sideline products.

The company will actively respond to the risk of adverse effects of price fluctuations on the company's operations through measures such as strengthening market forecasts, establishing strategic cooperation, optimizing supply management, and using refined management to improve utilization.

4. Risk of intensified market competition

As a representative enterprise of regional grain, oil and food business, compared with central enterprises and large multinational grain, oil and food enterprises, the company still has a certain gap in scale and brand awareness. In the future, the competition in the grain, oil and food industry will become more intense, if the company cannot effectively promote its own brand and broaden its marketing channels, it may face greater risks when market competition intensifies.

In response to possible market and business risks, on the one hand, the company makes overall plans for the year's procurement, carefully optimizes procurement channels, and ensures sufficient grain supply and orderly supply. On the other hand, the company continues to strengthen communication with upstream and downstream customers in the industry chain, vigorously expands sales channels, focuses on customer needs, deepens brand and service, and enhances the company's brand value and competitiveness.

5. M&A integration risks

The company carries out investment and M&A projects in accordance with its development strategy. Whether the M&A project can form synergy with the original business and whether the integration of corporate culture and management methods is in place during the critical period of integration of mergers and acquisitions are the key to the realization of the company's strategic goals. Inadequate management and control can easily lead to merger and acquisition risks.

The company will take the following measures to prevent risks, the first is to pay attention to the operation of the merged company and the integrating degree with the company's development strategy, and correct deviations in a timely manner; the second is to pay attention to the synergy between the merged company and the company's existing industry, and coordinate the deployment of resources in a timely manner; the third is to gradually realize the integration of systems and cultures; the fourth is to increase performance improvement and innovation incentives and assessments for mergers and acquisitions, and continuously adjust incentive policies that are compatible with operations.

Section IV Corporate Governance

I. Annual General Meeting and extraordinary shareholders general meeting held in this period

1. AGM in the period

Sessions	Type	Investor participation (%)	Opening date	Disclosure date	Resolutions
2020 Annual general meeting	AGM	72.05%	2021-05-18	2021-05-19	Resolution Notice of AGM 2020 of Shenzhen Cereals Holdings Co., Ltd. (Notice No.: 2021-14) released on Juchao website (www.cninfo.com.cn) dated 19 May 2021

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

Applicable Not applicable

II. Changes of directors, supervisors and senior executives

Applicable Not applicable

Name	Position	Type	Date	Causes
Jin Zhenyuan	CFO	Dismiss	2021-07-16	Job transfer
Jin Zhenyuan	Director	Outgoing	2021-07-16	Job transfer
Lu Yuhe	CFO	Appointment	2021-07-16	Appointment of the Board of Directors
Lu Yuhe	Director	Be elected	2021-08-02	Election of the Shareholder Meeting

III. Profit distribution plan and capitalizing of common reserves plan for the Period

Applicable Not applicable

The Company plans not to carried out distribution of cash dividend, bonus shares and share converted from capital reserve either for the half year

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

Applicable Not applicable

During the reporting period, the Company has no stock incentive plan, employee stock ownership plan or other employee incentives that have not been implemented.

Section V Environmental and Social Responsibility

I. Major environmental protection

The listed Company and its subsidiary whether belong to the key sewage units released from environmental protection department

Yes No

Administrative penalties imposed for environmental issues during the reporting period

Company/Subsidiary	Reasons for penalty	Violation situation	Penalty results	Impact on the production & operation of the listed company	Corrective measures
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

Other environmental information disclosed with reference to the key emission units

The company attached great importance to environmental protection work, and each subsidiary has built corresponding environmental protection facilities according to the actual situation of production and operation to treat waste gas, dust, waste water and solid waste generated in the production process, so as to make its emissions reach the national and local relevant standards. At the same time, based on its own business characteristics, the company's subsidiaries have formulated a series of rules and regulations on environmental protection and strictly implemented them to institutionalize and standardize the environmental protection.

Reasons for not disclosing other environmental information

The Company and its subsidiaries do not belong to the key emission units announced by the environmental protection department, and there is no other environmental information that needs to be disclosed.

II. Social responsibility

2021 is the first year of rural revitalization, and a key year for promoting a smooth transition of poverty alleviation policies and measures and work systems to rural revitalization. In accordance with the document spirit of the Implementation Opinions on Three-year Targeted Poverty Alleviation in the New Era (Yuefa [2016] No. 13) issued by Guangdong Provincial Party Committee and Guangdong Provincial Government, the working team of Guilin Village, Yidu Town, Longchuan County, Heyuan City (hereinafter referred to as the "working team in the village") dispatched by SZCH has completed the targeted poverty alleviation project for Guilin Village and achieved expected results by the end of 2020 through a series of powerful measures, contributing SZCH strength for winning the battle against poverty as scheduled. In the first half of 2021, in order to consolidate and expand the achievements of poverty alleviation, the working team in the village maintained unabated efforts and worked hard, and did a good job in the finishing touches in a pragmatic and efficient manner so as to make the foundation of poverty alleviation more stable and the results more sustainable, and make solid progress in the effective connection between targeted poverty alleviation and rural revitalization.

To effectively carry out the rural revitalization work, according to the relevant work deployment of the provincial party committee and municipal party committee, SZCH and Government Offices Administration of Shenzhen, Meteorological Bureau of Shenzhen Municipality and China Life Insurance Company Ltd., Heyuan Centre Branch assigned crew, and formed a support working in the town (hereinafter referred to as the "working team in the town") to Tuocheng Town, Longchuan County, Heyuan City to carry out the support work of rural revitalization.

SZCH has been working hard to provide assistance to Tibet. The second batch of high-quality cadres have been selected and sent to Chayu Farm in Nyingchi, Tibet. We will take good care of cadres assisting Tibet, and ensure their services and support, so that they can make more contributions to Tibet. The company donated 200,000 yuan to Chayu Farm to improve the living conditions of farm workers.

Section VI Important Events

I. Commitments that the actual controller, shareholders, related party, buyer and the Company have fulfilled during the reporting period and the overdue commitments as of the end of the reporting period

Applicable Not applicable

There is no commitments that the actual controller, shareholders, related party, buyer and the Company have fulfilled during the reporting period and the overdue commitments as of the end of the reporting period

II. Non-operational fund occupation from controlling shareholders and its related party

Applicable Not applicable

No non-operational fund occupation from controlling shareholders and its related party in period.

III. External guarantee against the regulation

Applicable Not applicable

No external guarantee against the regulation occurred in the period

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

Whether the financial report has been audited or not

Yes No

The financial report has not been audited

V. Explanation from Board of Directors and Supervisory Committee for “Qualified Opinion” that issued by CPA

Applicable Not applicable

VI. Explanation from the BOD for “Qualified Opinion” of last year

Applicable Not applicable

VII. Bankruptcy reorganization

Applicable Not applicable

No bankruptcy reorganization for the Company in end of this period

VIII. Lawsuits

Significant lawsuits and arbitration

Applicable Not applicable

No significant lawsuits and arbitration occurred in the reporting period

Other lawsuits

Applicable Not applicable

Lawsuits (arbitration)	Amount involved (in 10 thousand Yuan)	Resulted an accrual liability (Y/N)	Progress	Trial result and influence	Execution of judgment	Disclosure date	Disclosure index
As of 30 June 2021, other lawsuits that did not meet the disclosure standards for significant lawsuits mainly including: disputes over purchase and sales contract, disputes over loans contract, disputes over construction contracts, disputes over corporate separation contracts and housing lease contract dispute etc.	13,918.9	Yes, the single loan contract dispute from subordinate enterprise of the Company is expected to form an accrual liability of 3.5 million yuan approximately. Other lawsuit-related cases are relatively small in individual amount, and will not have a significant impact on the Company when analyzed in conjunction with the progress of these cases.	The Company actively makes use of the advantageous resources of internal legal affairs and external laws firm to follow up and deal with the lawsuit-related cases. At present, the Company is responding to and dealing with the cases effectively in accordance with relevant laws and regulations	After comprehensive analysis, the outcome of the cases involved in the lawsuits will not have a significant impact on the Company	In promoting actively	Not applicable	Not applicable

IX. Penalty and rectification

Applicable Not applicable

No penalty and rectification for the Company in reporting period.

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

Applicable Not applicable

XI. Major related transaction

1. Related transaction with routine operation concerned

Applicable Not applicable

No related transaction occurred in the period with routine operation concerned

2. Assets or equity acquisition, and sales of assets and equity

Applicable Not applicable

No related transaction concerning the assets or equity acquisition and sold in the period

3. Related transaction of foreign investment

Applicable Not applicable

No related transaction of foreign investment occurred in the period

4. Related credits and liabilities

Applicable Not applicable

No related credits and liabilities occurred in period

5. Transactions with related finance companies and finance companies controlled by the Company

Applicable Not applicable

No deposits, loans, credit or other financial operations occurred between the Company and related finance companies, the finance companies controlled by the Company and related parties in the period.

6. Other major related transaction

Applicable Not applicable

No other major related transaction in the Period.

XII. Significant contract and implementations

1. Trusteeship, contract and leasing

(1) Trusteeship

Applicable Not applicable

No trusteeship for the Company in reporting period

(2) Contract

Applicable Not applicable

No contract for the Company in reporting period

(3) Leasing

Applicable Not applicable

No leasing in the Period

2. Major Guarantee

Applicable Not applicable

In 10 thousand Yuan

External Guarantee (not including guarantees to subsidiaries)										
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening	Actual guarantee limit	Guarantee type	Collateral (if any)	Counter guarantee (if any)	Guarantee term	Complete implementation or not	Guarantee for related party (Y/N)
Guarantee for the subsidiaries										
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening	Actual guarantee limit	Guarantee type	Collateral (if any)	Counter guarantee (if any)	Guarantee term	Complete implementation or not	Guarantee for related party (Y/N)
Guarantee of the subsidiaries for the subsidiaries										
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening	Actual guarantee limit	Guarantee type	Collateral (if any)	Counter guarantee	Guarantee term	Complete implementation or not	Guarantee for related party (Y/N)

							(if any)			
Dongguan Shenliang Logistics Co., Ltd.	27,300	2015-07-13	14,502	Joint and several liability guarantee	N/A	N	8-year	N	N	
Dongguan Shenliang Logistics Co., Ltd.	10,200	2016-12-21	2,918	Joint and several liability guarantee	N/A	N	5-year	N	N	
Dongguan International Food Industrial Park Development Co., Ltd.	39,168	2018-07-27	31,216	Joint and several liability guarantee	N/A	N	14-year	N	N	
Dongguan Shenliang Logistics Co., Ltd.	21,930	2020-10-20	1,935	Joint and several liability guarantee	N/A	N	14-year	N	N	
Dongguan Shenliang Oil & Food Trade Co., Ltd.	11,883	2019-04-19	4,584	Joint and several liability guarantee	N/A	N	8-year	N	N	
Total amount of approving guarantee for subsidiaries in report period (C1)	82,300		Total amount of actual occurred guarantee for subsidiaries in report period (C2)		659					
Total amount of approved guarantee for subsidiaries at the end of reporting period (C3)	192,781		Total balance of actual guarantee for subsidiaries at the end of reporting period (C4)		55,155					
Total amount of guarantee of the Company (total of three above mentioned guarantee)										
Total amount of approving guarantee in report period (A1+B1+C1)	82,300		Total amount of actual occurred guarantee in report period (A2+B2+C3)		659					

Total amount of approved guarantee at the end of report period (A3+B3+C2)	192,781	Total balance of actual guarantee at the end of report period (A4+B4+C4)	55,155
The proportion of the total amount of actually guarantee in the net assets of the Company (that is A4+ B4+C4)			12.40%
Including:			
Balance of the guarantee provided for shareholder, actual controller and their related parties (D)			0
The debts guarantee amount provided for the guaranteed parties whose assets-liability ratio exceed 70% directly or indirectly (E)			50,571
Proportion of total amount of guarantee in net assets of the Company exceed 50% (F)			0
Total amount of the aforesaid three guarantees (D+E+F)			50,571
Explanations on possibly bearing joint and several liquidating responsibilities for undue guarantees (if applicable)	N/A		
Explanations on external guarantee against regulated procedures (if applicable)	N/A		

Explanation on guarantee with composite way

N/A

3.Trust financing

Applicable Not applicable

In 10 thousand Yuan

Type	Fund sources	Amount occurred	Undue balance	Overdue amount	Impairment amount accrual for overdue financial management
Bank financial products	Owned Funds	29,000	2,000	0	0
Total		29,000	2,000	0	0

The high-risk trust investment with single major amount or has minor security, poor fluidity and non-guaranteed

Applicable Not applicable

Unrecoverable principal or impairment possibility from entrust investment

Applicable Not applicable

4. Material contracts for daily operations

Applicable Not applicable

5. Other material contracts

Applicable Not applicable

No other material contracts in the period.

XIII. Explanation of other important events

Applicable Not applicable

1. Changes in directors, supervisor and senior executives

On July 16, 2021, the company received a written resignation from Ms. Jin Zhenyuan, a director and the Chief Financial Officer of the company. Due to job transfer, Ms. Jin Zhenyuan applied to resign from her position as director and chief financial officer of the company. On the same day, the company held the 16th meeting of the tenth board of directors, deliberated and approved the Proposal on the Appointment of the Company's Chief Financial Officer and the Proposal on the Addition of the Company's Directors, and agreed to appoint Ms. Lu Yuhe as the company's chief financial officer for a term from the date of the approval of the board of directors to the expiration of the tenth board of directors; agreed to add Ms. Lu Yuhe as a director of the tenth board of directors of the company and submit it to the shareholders' meeting for approval. For details, see the Announcement of Resolutions of the 16th Meeting of the Tenth Board of Directors of the Company and the Announcement of Resignation of Directors and Chief Financial Officer of the Company and Appointment of Chief Financial Officer of the Company and the Addition of Directors of the Company published at www.cninfo.com.cn on July 17, 2021.

The company held the first extraordinary shareholders' meeting of 2021 on August 2, 2021, which deliberated and approved the Proposal on the Addition of Directors of the Company and agreed to add Ms. Lu Yuhe as a director of the tenth board of directors of the company. The term of office shall be from the date of approval of the resolution at the shareholders' meeting of the company to the date of expiration of the tenth board of directors of the company. For details, see the Announcement of the Resolutions of the Company's First Extraordinary General Meeting of Shareholders in 2021 published at www.cninfo.com.cn on August 3, 2021.

XIV. Important events from subsidiaries

Applicable Not applicable

1. The company held the 15th meeting of the tenth board of directors on June 1, 2021, which deliberated and approved the Proposal on the Company's Acquisition of 49% Equity of Dongguan Shenliang Logistics Co., Ltd., and agreed that the company acquires the 49% equity of Dongguan Shenliang Logistics Co., Ltd., held by Dongguan Fruits and Vegetables and Non-staple Food Trading Market Co., Ltd. in cash, the purchase price was 321.68 million yuan. For details, see the "Announcement of Resolutions of the 15th Meeting of the Tenth Board of

Directors of the Company" and the "Announcement of the Company on the Acquisition of 49% Equity of Dongguan Shenliang Logistics Co., Ltd." published at www.cninfo.com.cn on June 2, 2021.

2. The company held the 16th meeting of the tenth board of directors on July 16, 2021 and the first extraordinary shareholders' meeting on August 2, 2021, which deliberated and approved the "Proposal on the Consolidation and Merger of Shenzhen Shenbao Technology Center Co., Ltd., agreed to the company's consolidation and merger of the wholly-owned subsidiary of Shenzhen Shenbao Technology Center Co., Ltd. For details, please see the Announcement of Resolutions of the 16th Meeting of the Tenth Board of Directors of the Company and the Announcement of the Company's Consolidation and Merger of Shenzhen Shenbao Technology Center Co., Ltd. published at www.cninfo.com.cn on July 17, 2021, and the Announcement of Resolutions of the Company's First Extraordinary Shareholders' Meeting in 2021 published at www.cninfo.com.cn on August 3, 2021.

3. On July 22, 2021, the company acquired 51% of the equity of Wuhan Jiacheng biotechnology Co.,Ltd in cash with the purchase price of 21,675,000 yuan. After the completion of the acquisition, the Company held a total of 51% of the equity of Wuhan Jiasheng biotechnology Co., Ltd.

Section VII. Changes in Shares and Particulars about Shareholders

I. Changes in Share Capital

1. Changes in Share Capital

In Share

	Before the Change		Increase/Decrease in the Change (+, -)					After the Change	
	Amount	Proportion	New shares issued	Bonus shares	Public reserve transfer into share capital	Others	Subtotal	Amount	Proportion
I. Restricted shares	684,601,142	59.40%	0	0	0	0	0	684,601,142	59.40%
1. State-owned shares	0	0.00%	0	0	0	0	0	0	0.00%
2. State-owned legal person's shares	684,569,567	59.40%	0	0	0	0	0	684,569,567	59.40%
3. Other domestic shares	31,575	0.00%	0	0	0	0	0	31,575	0.00%
Including: Domestic legal person's shares	0	0.00%	0	0	0	0	0	0	0.00%
Domestic natural person's shares	31,575	0.00%	0	0	0	0	0	31,575	0.00%
4. Foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
Including: Foreign legal person's shares	0	0.00%	0	0	0	0	0	0	0.00%
Foreign natural person's shares	0	0.00%	0	0	0	0	0	0	0.00%
II. Unrestricted shares	467,934,112	40.60%	0	0	0	0	0	467,934,112	40.60%
1. RMB ordinary shares	416,184,832	36.11%	0	0	0	0	0	416,184,832	36.11%
2. Domestically listed foreign shares	51,749,280	4.49%	0	0	0	0	0	51,749,280	4.49%
3. Overseas listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
4. Others	0	0.00%	0	0	0	0	0	0	0.00%
III. Total shares	1,152,535,254	100.00%	0	0	0	0	0	1,152,535,254	100.00%

Reasons for share changed

Applicable Not applicable

Approval of share changed

Applicable Not applicable

Ownership transfer of share changed

Applicable Not applicable

Progress of shares buy-back

Applicable Not applicable

Implementation progress of reducing holdings of shares buy-back by centralized bidding

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

2. Changes of lock-up stocks

Applicable Not applicable

II. Securities issuance and listing

Applicable Not applicable

III. Amount of shareholders of the Company and particulars about shares holding

In Share

Total common stock shareholders in reporting period-end	55,886			Total preference shareholders with voting rights recovered at end of reporting period (if applicable) (see note 8)	0			
Particulars about common shares held above 5% by shareholders or top ten common shareholders								
Full name of Shareholders	Nature of shareholder	Proportion of shares held	Amount of common shares held at the end of reporting period	Changes in report period	Amount of restricted common shares held	Amount of common shares held without restriction	Information of shares pledged, tagged or frozen	
							State of share	Amount
Shenzhen Food Materials	State-owned	63.79%	735,237,253	0	669,184,735	66,052,518		

Group Co., Ltd	legal person							
Shenzhen Agricultural Products Group Co., Ltd	State-owned legal person	8.23%	94,832,294	0	15,384,832	79,447,462		
Dongguan Fruit Vegetable Non-staple Food Trading Market Co., Ltd.	Domestic non-state legal person	0.54%	6,198,236	6,198,236	0	6,198,236		
Lin Junbo	Domestic nature person	0.31%	3,600,000	33,300	0	3,600,000		
Sun Huiming	Domestic nature person	0.30%	3,436,462	0	0	3,436,462		
Chen Jiuyang	Domestic nature person	0.27%	3,086,700	342,000	0	3,086,700		
Xu Wenxing	Domestic nature person	0.18%	2,056,925	6,545	0	2,056,925		
Hu Xiangzhu	Domestic nature person	0.12%	1,380,000	-183,000	0	1,380,000		
Xu Zhifeng	Domestic nature person	0.10%	1,166,000	1,166,000	0	1,166,000		
Wang Lianyi	Domestic nature person	0.10%	1,152,200	1,152,200	0	1,152,200		
Strategy investor or general legal person becoming the top 10 common shareholders by placing new shares (if applicable) (see note 3)	N/A							
Explanation on associated relationship among the aforesaid shareholders	Shenzhen SASAC directly holds 100% equity of Shenzhen Food Materials Group Co., Ltd., and holds 34% of Shenzhen Agricultural Products Group Co., Ltd. indirectly through Shenzhen Food Materials Group Co., Ltd.; the Company was not aware of any related relationship between other shareholders above, and whether they belonged to parties acting in concert as defined by the Acquisition Management Method of Listed Company.							
Description of the above shareholders in relation to delegate/entrusted voting rights and abstention from voting rights.	N/A							

Special note on the repurchase account among the top 10 shareholders (if applicable) (see note 11)	N/A		
Particular about top ten shareholders with un-lock up common stocks held			
Shareholders' name	Amount of common shares held without restriction at Period-end	Type of shares	
		Type	Amount
Shenzhen Agricultural Products Group Co., Ltd	79,447,462	RMB common shares	79,447,462
Shenzhen Food Materials Group Co., Ltd	66,052,518	RMB common shares	66,052,518
Dongguan Fruit Vegetable Non-staple Food Trading Market Co., Ltd.	6,198,236	RMB common shares	6,198,236
Lin Junbo	3,600,000	RMB common shares	3,600,000
Sun Huiming	3,436,462	Domestically listed foreign shares	3,436,462
Chen Jiuyang	3,086,700	RMB common shares	3,086,700
Xu Wenxing	2,056,925	RMB common shares	2,056,925
Hu Xiangzhu	1,380,000	RMB common shares	1,380,000
Xu Zhifeng	1,166,000	RMB common shares	1,166,000
Wang Lianyi	1,152,200	RMB common shares	1,152,200
Expiation on associated relationship or consistent actors within the top 10 un-lock up common shareholders and between top 10 un-lock up common shareholders and top 10 common shareholders	Shenzhen SASAC directly holds 100% equity of Shenzhen Food Materials Group Co., Ltd., and holds 34% of Shenzhen Agricultural Products Group Co., Ltd. indirectly through Shenzhen Food Materials Group Co., Ltd.; the Company was not aware of any related relationship between other shareholders above, and whether they belonged to parties acting in concert as defined by the Acquisition Management Method of Listed Company.		
Explanation on top 10 common shareholders involving margin business (if applicable) (see note 4)	1. At the end of reporting period, Shareholder – Lin Junbo holds 3,600,000 shares of the Company under customer credit trading secured securities account through China Merchants Securities Co., Ltd., common account holds 0 shares, and 3,600,000 shares are held in total at end of the Period. During the reporting period, the credit trading secured securities account has 3,600,000 shares increased, and shares held in the common account has 3,566,700 shares decreased, shares held are increased 33,300 shares in total.		

	<p>2. At the end of reporting period, Shareholder – Xu Zhifeng holds 1,146,000 shares of the Company under customer credit trading secured securities account through Nanjing Securities Co., Ltd., common account holds 20,000 shares, and 1,166,000 shares are held in total at end of the Period. During the reporting period, the credit trading secured securities account has 1,146,000 shares increased, and shares held in the common account has 20,000 shares increased, shares held are increased 1,166,000 shares in total.</p> <p>3. At the end of reporting period, Shareholder – Wang Lianyi holds 1,152,200 shares of the Company under customer credit trading secured securities account through Industrial Securities Co., Ltd., common account holds 0 shares, and 1,152,200 shares are held in total at end of the Period. During the reporting period, the credit trading secured securities account has 1,152,200 shares increased, and no change in the common account, shares held are increased 1,152,200 shares in total.</p>
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Whether top ten common stock shareholders or top ten common stock shareholders with un-lock up shares held have a buy-back agreement dealing in reporting period

Yes No

The top ten common stock shareholders or top ten common stock shareholders with un-lock up shares held of the Company have no buy-back agreement dealing in reporting period.

IV. Changes of shares held by directors, supervisors and senior executives

Applicable Not applicable

Shares held by directors, supervisors and senior executives have no changes in reporting period, found more details in Annual Report 2020.

V. Changes in controlling shareholders or actual controllers

Change of controlling shareholder during the reporting period

Applicable Not applicable

The Company had no change of controlling shareholder during the reporting period

Change of actual controller during the reporting period

Applicable Not applicable

The Company had no change of actual controller during the reporting period

Section VIII. Preferred Stock

Applicable Not applicable

The Company had no preferred stock in the Period.

Section IX. Corporate Bonds

Applicable Not applicable

Section X. Financial Report

I. Audit report

Whether the semi annual report is audited

Yes No

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

II. Financial Statement

Statement in Financial Notes are carried in RMB/CNY

1. Consolidated Balance Sheet

Prepared by SHENZHEN CEREALS HOLDINGS CO., LTD.

In RMB/CNY

Item	June 30, 2021	December 31, 2020
Current assets:		
Monetary funds	68,774,083.11	190,494,225.94
Settlement provisions		
Capital lent		
Trading financial assets	910,778.83	160,621,806.51
Derivative financial assets		
Note receivable	694,376.00	2,213,426.00
Account receivable	712,441,439.01	198,311,102.17
Receivable financing		
Accounts paid in advance	75,748,406.57	27,136,263.84
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Other account receivable	18,588,482.62	22,631,043.66
Including: Interest receivable		
Dividend receivable		
Buying back the sale of financial assets		

Inventories	4,130,250,968.86	3,418,328,974.27
Contract assets		
Assets held for sale		
Non-current asset due within one year		
Other current assets	126,719,728.35	119,750,603.31
Total current assets	5,134,128,263.35	4,139,487,445.70
Non-current assets:		
Loans and payments on behalf		
Debt investment		
Other debt investment		
Long-term account receivable		
Long-term equity investment	73,655,327.51	73,215,147.84
Investment in other equity instrument		
Other non-current financial assets	57,500.00	57,500.00
Investment real estate	244,847,354.37	253,037,899.57
Fixed assets	1,339,305,491.07	1,122,692,490.55
Construction in progress	868,979,194.24	1,045,643,295.57
Productive biological asset	382,848.00	387,694.20
Oil and gas asset		
Right-of-use assets	89,811,269.93	
Intangible assets	606,551,066.68	599,306,223.04
Expense on Research and Development		
Goodwill		
Long-term expenses to be apportioned	29,232,611.11	31,732,325.01
Deferred income tax asset	41,450,382.72	41,347,952.12
Other non-current asset	1,335,915.84	2,476,174.33
Total non-current asset	3,295,608,961.47	3,169,896,702.23
Total assets	8,429,737,224.82	7,309,384,147.93
Current liabilities:		
Short-term loans	1,212,686,540.73	110,318,727.12

Loan from central bank		
Capital borrowed		
Trading financial liability		
Derivative financial liability		
Note payable		
Account payable	703,173,288.94	480,896,517.64
Accounts received in advance	4,961,036.19	3,376,262.66
Contract liability	149,884,356.62	108,975,866.82
Selling financial asset of repurchase		
Absorbing deposit and interbank deposit		
Security trading of agency		
Security sales of agency		
Wage payable	232,853,211.08	260,514,559.66
Taxes payable	29,684,001.70	66,904,735.29
Other account payable	438,040,855.78	397,325,719.50
Including: Interest payable		
Dividend payable	2,933,690.04	2,933,690.04
Commission charge and commission payable		
Reinsurance payable		
Liability held for sale		
Non-current liabilities due within one year	137,873,648.25	104,225,183.07
Other current liabilities		7,250,420.68
Total current liabilities	2,909,156,939.29	1,539,787,992.44
Non-current liabilities:		
Insurance contract reserve		
Long-term loans	805,594,327.98	841,864,531.75
Bonds payable		
Including: Preferred stock		
Perpetual capital securities		
Lease liability	91,245,488.14	

Long-term account payable	17,023,270.19	16,126,146.20
Long-term wages payable		
Accrual liability	3,500,000.00	3,500,000.00
Deferred income	103,098,943.07	100,710,038.32
Deferred income tax liabilities	11,943,176.43	12,150,035.13
Other non-current liabilities		
Total non-current liabilities	1,032,405,205.81	974,350,751.40
Total liabilities	3,941,562,145.10	2,514,138,743.84
Owner's equity:		
Share capital	1,152,535,254.00	1,152,535,254.00
Other equity instrument		
Including: Preferred stock		
Perpetual capital securities		
Capital public reserve	1,262,320,013.74	1,422,892,729.36
Less: Inventory shares		
Other comprehensive income		
Reasonable reserve		
Surplus public reserve	382,367,575.37	382,367,575.37
Provision of general risk		
Retained profit	1,650,876,264.99	1,637,536,441.03
Total owner's equity attributable to parent company	4,448,099,108.10	4,595,331,999.76
Minority interests	40,075,971.62	199,913,404.33
Total owner's equity	4,488,175,079.72	4,795,245,404.09
Total liabilities and owner's equity	8,429,737,224.82	7,309,384,147.93

Legal Representative: Zhu Junming

Person in charge of accounting works: Lu Yuhe

Person in charge of accounting institute: Wen Jieyu

2. Balance Sheet of Parent Company

In RMB/CNY

Item	June 30, 2021	December 31, 2020
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Current assets:		
Monetary funds	5,854,664.28	5,312,806.71
Trading financial assets	910,778.83	621,806.51
Derivative financial assets		
Note receivable		
Account receivable	364,150,328.77	4,087,681.18
Receivable financing		
Accounts paid in advance		
Other account receivable	824,833,488.88	892,105,968.23
Including: Interest receivable		
Dividend receivable	390,000,000.00	390,000,000.00
Inventories		
Contract assets		
Assets held for sale		
Non-current assets maturing within one year		
Other current assets	11,817,926.97	1,497,597.50
Total current assets	1,207,567,187.73	903,625,860.13
Non-current assets:		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term equity investments	4,029,394,425.09	3,707,714,425.09
Investment in other equity instrument		
Other non-current financial assets		
Investment real estate	16,750,708.90	16,986,504.04
Fixed assets	32,539,655.72	33,125,275.65
Construction in progress	493,682.75	
Productive biological assets	382,848.00	387,694.20
Oil and natural gas assets		
Right-of-use assets		
Intangible assets	16,781,499.47	12,842,693.98

Research and development costs		
Goodwill		
Long-term deferred expenses	966,458.94	1,040,708.20
Deferred income tax assets		
Other non-current assets		
Total non-current assets	4,097,309,278.87	3,772,097,301.16
Total assets	5,304,876,466.60	4,675,723,161.29
Current liabilities:		
Short-term borrowings	312,629,623.82	
Trading financial liability		
Derivative financial liability		
Notes payable		
Account payable		
Accounts received in advance		
Contract liability	411.00	411.00
Wage payable	35,530,964.43	26,535,794.31
Taxes payable	3,625,912.04	2,736,075.65
Other accounts payable	545,254,132.00	45,560,514.82
Including: Interest payable		
Dividend payable		
Liability held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	897,041,043.29	74,832,795.78
Non-current liabilities:		
Long-term loans		
Bonds payable		
Including: Preferred stock		
Perpetual capital securities		
Lease liability		
Long-term account payable		
Long term employee compensation payable		

Accrued liabilities	3,500,000.00	3,500,000.00
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	3,500,000.00	3,500,000.00
Total liabilities	900,541,043.29	78,332,795.78
Owners' equity:		
Share capital	1,152,535,254.00	1,152,535,254.00
Other equity instrument		
Including: Preferred stock		
Perpetual capital securities		
Capital public reserve	3,018,106,568.27	3,018,106,568.27
Less: Inventory shares		
Other comprehensive income		
Special reserve		
Surplus reserve	109,963,147.23	109,963,147.23
Retained profit	123,730,453.81	316,785,396.01
Total owner's equity	4,404,335,423.31	4,597,390,365.51
Total liabilities and owner's equity	5,304,876,466.60	4,675,723,161.29

3. Consolidated Profit Statement

In RMB/CNY

Item	2021 semi-annual	2020 semi-annual
I. Total operating income	5,262,189,180.53	4,740,428,222.10
Including: Operating income	5,262,189,180.53	4,740,428,222.10
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	4,901,525,013.61	4,448,897,391.27
Including: Operating cost	4,650,397,070.67	4,219,403,828.80
Interest expense		
Commission charge and commission expense		

Cash surrender value		
Net amount of expense of compensation		
Net amount of withdrawal of insurance contract reserve		
Bonus expense of guarantee slip		
Reinsurance expense		
Tax and extras	6,969,279.85	4,334,418.54
Sales expense	106,711,776.77	109,796,698.11
Administrative expense	109,316,093.65	101,838,460.53
R&D expense	10,926,018.15	7,368,772.68
Financial expense	17,204,774.52	6,155,212.61
Including: Interest expenses	15,362,400.04	7,410,693.33
Interest income	765,002.68	1,735,133.50
Add: Other income	4,891,929.30	10,824,560.17
Investment income (Loss is listed with “-”)	3,501,371.30	10,249,064.30
Including: Investment income on affiliated company and joint venture	440,179.67	366,989.43
The termination of income recognition for financial assets measured by amortized cost		
Exchange income (Loss is listed with “-”)		
Net exposure hedging income (Loss is listed with “-”)		
Income from change of fair value (Loss is listed with “-”)	288,972.32	-572,784.42
Loss of credit impairment (Loss is listed with “-”)	34,157.37	1,791,966.35
Losses of devaluation of asset (Loss is listed with “-”)	-111,448,173.12	-95,290,043.04
Income from assets disposal (Loss is listed with “-”)	8,318.64	-10,598.38

III. Operating profit (Loss is listed with “-”)	257,940,742.73	218,522,995.81
Add: Non-operating income	1,627,702.56	1,358,799.58
Less: Non-operating expense	403,164.30	5,186,666.30
IV. Total profit (Loss is listed with “-”)	259,165,280.99	214,695,129.09
Less: Income tax expense	13,407,354.56	2,465,268.63
V. Net profit (Net loss is listed with “-”)	245,757,926.43	212,229,860.46
(i) Classify by business continuity		
1.continuous operating net profit (net loss listed with ‘-’)	245,757,926.43	212,229,860.46
2.termination of net profit (net loss listed with ‘-’)		
(ii) Classify by ownership		
1.Net profit attributable to owner’s of parent company	243,846,874.76	210,738,686.12
2.Minority shareholders’ gains and losses	1,911,051.67	1,491,174.34
VI. Net after-tax of other comprehensive income		
Net after-tax of other comprehensive income attributable to owners of parent company		
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1.Changes of the defined benefit plans that re-measured		
2.Other comprehensive income under equity method that cannot be transfer to gain/loss		
3.Change of fair value of investment in other equity instrument		
4.Fair value change of enterprise's credit risk		
5. Other		
(ii) Other comprehensive income items which will be reclassified		

subsequently to profit or loss		
1.Other comprehensive income under equity method that can transfer to gain/loss		
2.Change of fair value of other debt investment		
3.Amount of financial assets re-classify to other comprehensive income		
4.Credit impairment provision for other debt investment		
5.Cash flow hedging reserve		
6.Translation differences arising on translation of foreign currency financial statements		
7.Other		
Net after-tax of other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	245,757,926.43	212,229,860.46
Total comprehensive income attributable to owners of parent Company	243,846,874.76	210,738,686.12
Total comprehensive income attributable to minority shareholders	1,911,051.67	1,491,174.34
VIII. Earnings per share:		
(i) Basic earnings per share	0.2116	0.1828
(ii) Diluted earnings per share	0.2116	0.1828

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

Legal Representative: Zhu Junming

Person in charge of accounting works: Lu Yuhe

Person in charge of accounting institute: Wen Jieyu

4. Profit Statement of Parent Company

In RMB/CNY

Item	Semi-annual of 2021	Semi-annual of 2020
I. Operating income	78,409,527.17	191,007.09
Less: Operating cost	235,795.14	250,130.28
Taxes and surcharge	443,112.63	115,899.05
Sales expenses		1,557.53
Administration expenses	40,040,419.50	27,299,132.94
R&D expenses		
Financial expenses	893,183.83	-137,521.80
Including: Interest expenses	1,145,171.80	
Interest income	285,480.74	131,202.58
Add: Other income	169,161.92	994,791.02
Investment income (Loss is listed with “-”)	567,166.06	392,812,575.88
Including: Investment income on affiliated Company and joint venture		-48,505.63
The termination of income recognition for financial assets measured by amortized cost (Loss is listed with “-”)		
Net exposure hedging income (Loss is listed with “-”)		
Changing income of fair value (Loss is listed with “-”)	288,972.32	-572,784.42
Loss of credit impairment (Loss is listed with “-”)	-220,207.77	-204,763.50
Losses of devaluation of asset (Loss is listed with “-”)		
Income on disposal of assets (Loss is listed with “-”)		
II. Operating profit (Loss is listed with “-”)	37,602,108.60	365,691,628.07
Add: Non-operating income		357,590.00

Less: Non-operating expense	150,000.00	5,090,000.00
III. Total Profit (Loss is listed with “-”)	37,452,108.60	360,959,218.07
Less: Income tax		
IV. Net profit (Net loss is listed with “-”)	37,452,108.60	360,959,218.07
(i) continuous operating net profit (net loss listed with “-”)	37,452,108.60	360,959,218.07
(ii) termination of net profit (net loss listed with “-”)		
V. Net after-tax of other comprehensive income		
(i) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1.Changes of the defined benefit plans that re-measured		
2.Other comprehensive income under equity method that cannot be transfer to gain/loss		
3.Change of fair value of investment in other equity instrument		
4.Fair value change of enterprise's credit risk		
5. Other		
(ii) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1.Other comprehensive income under equity method that can transfer to gain/loss		
2.Change of fair value of other debt investment		
3.Amount of financial assets re-classify to other comprehensive income		
4.Credit impairment provision for other debt investment		
5.Cash flow hedging		

reserve		
6.Translation differences arising on translation of foreign currency financial statements		
7.Other		
VI. Total comprehensive income	37,452,108.60	360,959,218.07
VII. Earnings per share:		
(i) Basic earnings per share		
(ii) Diluted earnings per share		

5. Consolidated Cash Flow Statement

In RMB/CNY

Item	Semi-annual of 2021	Semi-annual of 2020
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	4,872,625,307.71	4,851,380,535.76
Net increase of customer deposit and interbank deposit		
Net increase of loan from central bank		
Net increase of capital borrowed from other financial institution		
Cash received from original insurance contract fee		
Net cash received from reinsurance business		
Net increase of insured savings and investment		
Cash received from interest, commission charge and commission		
Net increase of capital borrowed		
Net increase of returned business capital		
Net cash received by agents in sale and purchase of securities		

Write-back of tax received	15,314,266.13	2,634,408.13
Other cash received concerning operating activities	509,043,498.66	440,707,293.21
Subtotal of cash inflow arising from operating activities	5,396,983,072.50	5,294,722,237.10
Cash paid for purchasing commodities and receiving labor service	5,229,031,194.26	4,653,349,386.89
Net increase of customer loans and advances		
Net increase of deposits in central bank and interbank		
Cash paid for original insurance contract compensation		
Net increase of capital lent		
Cash paid for interest, commission charge and commission		
Cash paid for bonus of guarantee slip		
Cash paid to/for staff and workers	158,496,287.47	149,264,002.51
Taxes paid	108,750,086.71	37,068,103.68
Other cash paid concerning operating activities	591,977,655.39	445,430,382.87
Subtotal of cash outflow arising from operating activities	6,088,255,223.83	5,285,111,875.95
Net cash flows arising from operating activities	-691,272,151.33	9,610,361.15
II. Cash flows arising from investing activities:		
Cash received from recovering investment	270,000,000.00	464,500,000.00
Cash received from investment income	3,051,423.05	7,544,998.92
Net cash received from disposal of fixed, intangible and other long-term assets	17,565.00	19,988.32
Net cash received from disposal		

of subsidiaries and other units		
Other cash received concerning investing activities	54,336.41	337,500.00
Subtotal of cash inflow from investing activities	273,123,324.46	472,402,487.24
Cash paid for purchasing fixed, intangible and other long-term assets	98,438,615.15	156,742,240.20
Cash paid for investment	120,006,966.66	385,000,000.00
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units obtained	321,680,000.00	
Other cash paid concerning investing activities	109,602.00	994,317.84
Subtotal of cash outflow from investing activities	540,235,183.81	542,736,558.04
Net cash flows arising from investing activities	-267,111,859.35	-70,334,070.80
III. Cash flows arising from financing activities:		
Cash received from absorbing investment	490,000.00	
Including: Cash received from absorbing minority shareholders' investment by subsidiaries		
Cash received from loans	2,006,423,247.45	833,803,914.65
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities	2,006,913,247.45	833,803,914.65
Cash paid for settling debts	907,763,968.37	558,227,673.50
Cash paid for dividend and profit distributing or interest paying	262,471,931.68	256,130,248.31
Including: Dividend and profit of minority shareholder paid by subsidiaries		
Other cash paid concerning financing activities		58,702.23
Subtotal of cash outflow from	1,170,235,900.05	814,416,624.04

financing activities		
Net cash flows arising from financing activities	836,677,347.40	19,387,290.61
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-13,479.55	18,647.57
V. Net increase of cash and cash equivalents	-121,720,142.83	-41,317,771.47
Add: Balance of cash and cash equivalents at the period -begin	190,494,225.94	154,954,757.85
VI. Balance of cash and cash equivalents at the period -end	68,774,083.11	113,636,986.38

6. Cash Flow Statement of Parent Company

In RMB/CNY

Item	Semi-annual of 2021	Semi-annual of 2020
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	826,505.31	124,032.00
Write-back of tax received		103,987.33
Other cash received concerning operating activities	664,855,399.05	279,260,229.55
Subtotal of cash inflow arising from operating activities	665,681,904.36	279,488,248.88
Cash paid for purchasing commodities and receiving labor service	45,000,000.00	12,742.23
Cash paid to/for staff and workers	25,664,475.70	15,199,812.23
Taxes paid	1,938,500.47	1,392,555.04
Other cash paid concerning operating activities	337,740,658.17	27,911,182.13
Subtotal of cash outflow arising from operating activities	410,343,634.34	44,516,291.63
Net cash flows arising from operating activities	255,338,270.02	234,971,957.25

II. Cash flows arising from investing activities:		
Cash received from recovering investment	10,000,000.00	24,500,000.00
Cash received from investment income	123,077.77	524,005.56
Net cash received from disposal of fixed, intangible and other long-term assets		
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	54,336.41	337,500.00
Subtotal of cash inflow from investing activities	10,177,414.18	25,361,505.56
Cash paid for purchasing fixed, intangible and other long-term assets	4,271,363.11	5,054,670.76
Cash paid for investment	20,006,966.66	30,000,000.00
Net cash received from subsidiaries and other units obtained	321,680,000.00	
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	345,958,329.77	35,054,670.76
Net cash flows arising from investing activities	-335,780,915.59	-9,693,165.20
III. Cash flows arising from financing activities:		
Cash received from absorbing investment		
Cash received from loans	411,800,462.65	
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities	411,800,462.65	
Cash paid for settling debts	99,925,561.27	
Cash paid for dividend and profit distributing or interest paying	230,890,398.24	230,507,050.80

Other cash paid concerning financing activities		58,702.23
Subtotal of cash outflow from financing activities	330,815,959.51	230,565,753.03
Net cash flows arising from financing activities	80,984,503.14	-230,565,753.03
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate		8,620.29
V. Net increase of cash and cash equivalents	541,857.57	-5,278,340.69
Add: Balance of cash and cash equivalents at the period -begin	5,312,806.71	16,272,394.90
VI. Balance of cash and cash equivalents at the period -end	5,854,664.28	10,994,054.21

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

Current Amount

In RMB/CNY

Item	Semi-annual of 2021														
	Owners' equity attributable to the parent Company													Minority interests	Total owners' equity
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Provision of general risk	Retained profit	Other	Subtotal		
	Preferred stock	Perpetual capital securities	Other												
I. The ending balance of the previous year	1,152,535,254.00				1,422,892,729.36				382,367,575.37		1,637,536,441.03		4,595,331,997.6	199,913,404.33	4,795,245,409.409
Add: Changes of accounting															

policy																	
Error correction of the last period																	
Enterprise combine under the same control																	
Other																	
II. The beginning balance of the current year	1,152,535,254.00				1,422,892,729.36					382,367,575.37	1,637,536,441.03					4,591,999,913,404.33	199,524,540.09
III. Increase/Decrease in the period (Decrease is listed with “-”)					-160,572,715.62					13,339,823.96	-147,232,891.66					-159,837,432.71	-307,070,324.37
(i) Total comprehensive income										243,846,874.76	243,846,874.76					1,911,051.67	245,757,926.43
(ii) Owners’ devoted and decreased capital					-160,572,715.62											-161,748,484.38	-322,321,200.00
1.Common shares invested by shareholders					-160,572,715.62											-161,748,484.38	-322,321,200.00
2. Capital invested by holders of other equity instruments																	
3. Amount reckoned into owners equity																	

with share-based payment														
4. Other														
(iii) Profit distribution										-230,507.80		-230,507.80		-230,507.80
1. Withdrawal of surplus reserves														
2. Withdrawal of general risk provisions														
3. Distribution for owners (or shareholders)										-230,507.80		-230,507.80		-230,507.80
4. Other														
(iv) Carrying forward internal owners' equity														
1. Capital reserves converted to capital (share capital)														
2. Surplus reserves converted to capital (share capital)														
3. Remedying loss with surplus reserve														
4. Carry-over retained														

earnings from the defined benefit plans																		
5. Carry-over retained earnings from other comprehensive income																		
6. Other																		
(v) Reasonable reserve																		
1. Withdrawal in the report period																		
2. Usage in the report period																		
(vi) Others																		
VI. Balance at the end of the period	1,152,535,254.00				1,262,320,013.74					382,367,575.37					1,650,876,264.99	4,448,097,108.10	40,075,971.62	4,488,175,079.72

Amount of the previous period

In RMB/CNY

Item	Semi-annual of 2020													Minority interests	Total owners' equity	
	Owners' equity attributable to the parent Company															
	Share capital	Other equity instrument			Capital reserve	Less: Inventories	Other comprehensive income	Reasonable reserve	Surplus reserve	Provision of general risk	Retained profit	Other	Subtotal			
		Preferred stock	Perpetual capital	Other												

			uri tie s												
I. The ending balance of the previous year	1,152,535.25				1,422,892,729.36			522.55	350,187,601.06		1,495,135,080.60		4,420,751,187.57	202,686,943.42	4,623,438,130.99
Add: Changes of accounting policy															
Error correction of the last period															
Enterprise combine under the same control															
Other															
II. The beginning balance of the current year	1,152,535.25				1,422,892,729.36			522.55	350,187,601.06		1,495,135,080.60		4,420,751,187.57	202,686,943.42	4,623,438,130.99
III. Increase/Decrease in the period (Decrease is listed with “-”)								-522.55			-19,768,364.68		-19,768,887.23	34,174.34	-19,734,712.89
(i) Total comprehensive income											210,738,686.12		210,738,686.12	1,491,174.34	212,229,860.46
(ii) Owners’ devoted and decreased															

capital															
1.Common shares invested by shareholders															
2. Capital invested by holders of other equity instruments															
3. Amount reckoned into owners equity with share-based payment															
4. Other															
(iii) Profit distribution										-230,507,050.80		-230,507,050.80		-1,457,000.00	-231,964,050.80
1. Withdrawal of surplus reserves															
2. Withdrawal of general risk provisions															
3. Distribution for owners (or shareholders)										-230,507,050.80		-230,507,050.80		-1,457,000.00	-231,964,050.80
4. Other															
(iv) Carrying forward internal owners' equity															

1. Capital reserves converted to capital (share capital)															
2. Surplus reserves converted to capital (share capital)															
3. Remediating loss with surplus reserve															
4. Carry-over retained earnings from the defined benefit plans															
5. Carry-over retained earnings from other comprehensive income															
6. Other															
(v) Reasonable reserve								-522.55					-522.55	-522.55	
1. Withdrawal in the report period								574,618.41					574,618.41	574,618.41	
2. Usage in the report period								575,140.96					575,140.96	575,140.96	
(vi) Others															
VI. Balance at the end of	1,152,				1,422,89				350,187,		1,475,36		4,400,98	202,721,11	4,603,703,

the period	535,254.00				2,729.36				601.06		6,715.92		2,300.34	7.76	418.10
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8. Statement of Changes in Owners' Equity (Parent Company)

Current Amount

In RMB/CNY

Item	Semi-annual of 2021												
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surpluses reserve	Retained profit	Other	Total owners' equity	
		Prefe red stock	Perpetual capital securities	Other									
I. The ending balance of the previous year	1,152,535,254.00				3,018,106,568.27					109,963,147.23	316,785,396.01		4,597,390,365.51
Add: Changes of accounting policy													
Error correction of the last period													
Other													
II. The beginning balance of the current year	1,152,535,254.00				3,018,106,568.27					109,963,147.23	316,785,396.01		4,597,390,365.51
III. Increase/ Decrease in the period (Decrease is listed with "-")											-193,054,942.20		-193,054,942.20
(i) Total comprehensive											37,452,108.60		37,452,108.60

income										08.6		
										0		
(ii) Owners' devoted and decreased capital												
1.Common shares invested by shareholders												
2. Capital invested by holders of other equity instruments												
3. Amount reckoned into owners equity with share-based payment												
4. Other												
(iii) Profit distribution										-230,507.80		-230,507,050.80
1. Withdrawal of surplus reserves												
2. Distribution for owners (or shareholders)										-230,507.80		-230,507,050.80
3. Other												
(iv) Carrying forward internal owners' equity												
1. Capital reserves conversed to												

capital (share capital)												
2. Surplus reserves converted to capital (share capital)												
3. Remedying loss with surplus reserve												
4. Carry-over retained earnings from the defined benefit plans												
5. Carry-over retained earnings from other comprehensive income												
6. Other												
(v) Reasonable reserve												
1. Withdrawal in the report period												
2. Usage in the report period												
(vi) Others												
VI. Balance at the end of the period	1,152,535.254.00				3,018,106,568.27				109,963,147.23	123,730,453.81		4,404,335,423.31

Amount of the previous period

In RMB/CNY

Item	Semi-annual of 2020											
	Share capital	Other equity instrument			Capital reserve	Less: Inventory	Other comprehensive	Reasonable reserve	Surplus reserve	Retained profit	Other	Total owners' equity
		Preferred	Perpetual	Other								

	al	d	capit		e	shares	incom					
		stoc	al				e					
		k	secu									
			ritie									
			s									
I. The ending balance of the previous year	1,15 2,53 5,25 4.00				3,018, 106,5 68.27				77,78 3,172 .92	257,67 2,677.9 4		4,506,09 7,673.13
Add: Changes of accounting policy												
Error correction of the last period												
Other												
II. The beginning balance of the current year	1,15 2,53 5,25 4.00				3,018, 106,5 68.27				77,78 3,172 .92	257,67 2,677.9 4		4,506,09 7,673.13
III. Increase/Decrease in the period (Decrease is listed with “-”)										130,45 2,167.2 7		130,452, 167.27
(i) Total comprehensive income										360,95 9,218.0 7		360,959, 218.07
(ii) Owners’ devoted and decreased capital												
1.Common shares invested by shareholders												
2. Capital invested by holders of												

other equity instruments												
3. Amount reckoned into owners equity with share-based payment												
4. Other												
(iii) Profit distribution										-230,507,050.80		-230,507,050.80
1. Withdrawal of surplus reserves												
2. Distribution for owners (or shareholders)										-230,507,050.80		-230,507,050.80
3. Other												
(iv) Carrying forward internal owners' equity												
1. Capital reserves converted to capital (share capital)												
2. Surplus reserves converted to capital (share capital)												
3. Remedying loss with surplus reserve												

4. Carry-over retained earnings from the defined benefit plans												
5. Carry-over retained earnings from other comprehensive income												
6. Other												
(v) Reasonable reserve												
1. Withdrawal in the report period												
2. Usage in the report period												
(vi) Others												
VI. Balance at the end of the period	1,15 2,53 5,25 4.00				3,018, 106.5 68.27				77,78 3,172 .92	388,12 4,845.2 1		4,636,54 9,840.40

III. Basic information of Company

Shenzhen Cereals Holdings Co., Ltd. (formerly the Shenzhen Shenbao Industrial Co., Ltd., hereinafter referred to as “Company” or “the Company”), formerly named Shenzhen Shenbao Canned Food Company, obtained approval (Document (1991) No.978) from Shenzhen Municipal People’s Government to change to the name as Shenzhen Shenbao Industrial Co., Ltd. on 1 August 1991. Then with the approval (Document (1991)No.126) from People’s Bank of China, the Company began to list on Shenzhen Stock Exchange. The Company belongs to the grain, oil, food and beverage industry.

As of 30 June 2021, the cumulative amount of shares issued by the Company was 1,152,535,254 shares with registered capital of 1,152,535,254.00 yuan. Registered address: Shenzhen, Guangdong Province; HQ of the Company: 8/F, Tower B, No.4 Building, Software Industry Base, South District, Science & Technology Park,

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

Change of the consolidate scope in the Period found more in “Note VIII. Change of consolidate scope”

Information with subsidiaries concerned found more in the “Note IX. Equity in other entity”

IV. Basis of preparation of financial statements

1. Basis of preparation

The financial statement are prepared in line with the Accounting Standards for Business Enterprise -Basic Standard issued by Ministry of Finance and specific accounting principle as well as the application guidance for the accounting principles for enterprise, interpretation to the accounting principles for enterprise and other related requirements (hereinafter referred to as Accounting Standards for Business Enterprise), combining the Information Disclosure Preparation Rules for Company Public Issuing Securities No.15-General Rules for Financial Report of the CSRC

2. Going concern

The Company was evaluated on continued viability of 12 months for the reporting period and found to have no significant doubt. Accordingly, the financial statements have been prepared on the basis of going concern assumptions.

V. Major accounting policy, accounting estimation

Specific accounting policies and estimation attention:

The following disclosures have covered the specific accounting policies and estimates that formulated by the Company according to the actual characteristics of production and operation.

1. Statement for observation of Accounting Standard for Business Enterprise

The financial statements prepared by the Company are in accordance to requirements of Accounting Standard for Business Enterprise issued by Ministry of Finance, which truly and completely reflect the financial status of the Company and parent company on 30 June 2021, as well as the consolidate and parent company's operational results and cash flow from Jan.-Jun. of 2021.

2. Accounting period

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

3. Operating cycle

Operating cycle of the Company was 12 months

4. Standard currency

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

5. Accounting treatment for business combinations under the same control and those not under the same control

Business combination under the same control: The assets and liabilities the Company acquired in a business combination shall be measured in accordance with book value of assets, liabilities (including the ultimate controlling party of goodwill acquired by the merging parties and the formation of) stated in combined financial report of the ultimate controlling party on the merger date. The net book value of assets and the payment of the merger consideration in the merger book value (or nominal value of shares issued) shall be adjusted in the share premium of reserve capital. the share premium in capital reserve is not enough for deducting, retained earnings .

Business combination not under the same control: Combination cost is the fair value of the assets paid, the liabilities incurred or assumed by the purchaser for the acquisition of the control of the purchaser and the equity securities issued on the purchase date. The difference between the fair value and book value is recognized in profit or loss. Goodwill is realized by the Company as for the difference between the combination cost and the fair value

of the recognizable net assets of the acquiree acquired by acquirer in such business combination. In case that the above cost is less than the above fair value even with re-review, then the difference shall be recorded in current gains and losses. Each identifiable assets, liabilities and contingent liability of the acquiree acquired in a combination that qualifies for recognition is measured at fair value at the date of purchase.

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

6. Methods for preparation of consolidated financial statements

6.1 Consolidated scope

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

6.2 Consolidated procedure

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

Subsidiary's equity, current net profits or losses and current comprehensive income belonging to minority shareholders shall be listed respectively under item of owners' equity in the consolidated balance sheet, item of net profit in profit sheet and item of total comprehensive income. Current loss minority shareholders of a subsidiary exceed the minority shareholders in the subsidiary's opening owners' equity share and the formation of balance, offset against minority interests.

(1) Increase of subsidiary or business

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

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

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

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

(2) Disposal of subsidiaries

① The general approach

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

② Step disposal of subsidiaries

As multiple transactions over disposal of the subsidiary's equity lead to loss of controlling right, if the terms of the transaction, situation and economic impact subject to one or above of the following conditions, usually it indicates repeated transactions should be accounted for as a package deal:

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

If each transaction is a package transaction, each transaction is accounted for as a disposal of a subsidiary and loss of control; before the loss of control the difference between the disposal price and the corresponding net assets of the subsidiary, recognized as other comprehensive income in the consolidated financial statements, into current

profit and loss at current period when losing controlling right.

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

(3) Purchase of a minority stake in the subsidiary

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

(4) Disposal of equity in subsidiary without losing control

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

7. Recognition standards for cash and cash equivalents

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

8. Foreign currency business and conversion of foreign currency statement

8.1 Foreign currency business

The foreign currency business uses the spot exchange rate on the transaction date as the conversion rate to convert the foreign currency amount into RMB.

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

8.2 Conversion of foreign currency financial statements

Assets and liabilities in the balance sheet are converted at the spot exchange rate on the balance sheet date; except for the "undistributed profit" item, other items of the owner's equity items are converted at the spot exchange rate at

the time of occurrence. Income and expense items in the income statement are converted at the spot exchange rate on the transaction date.

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

9. Financial instruments

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

9.1 Categories of financial instruments

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

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

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

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

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

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

Except for the above-mentioned financial assets measured at amortized cost and at fair value with changes

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

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

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

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

9.2 Recognition and measurement for financial instrument

(1) Financial assets measured at amortized cost

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

Interest calculated by the effective interest method during the holding period is included in the current profit and loss.

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

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

Financial assets (debt instruments) measured at fair value and whose changes are included in other comprehensive income, including receivables financing, other debt investment, etc., are initially measured at fair value, and related transaction expenses are included in the initial recognition amount. The financial assets are subsequently measured at fair value, the changes in fair value are included in other comprehensive income except for interest, impairment

losses or gains and exchange gains and losses calculated by using the effective interest method.

When a financial asset is terminated for recognition, the accumulated gain or loss previously included in other comprehensive income is transferred from other comprehensive income and included in current profit and loss.

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

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

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

(4) Financial assets measured at fair value and whose changes are included in current profit and loss

Financial assets measured at fair value and whose changes are included in current profit and loss, including Tradable financial assets, derivative financial assets and other non-current financial assets, etc., are initially measured at fair value, and related transaction expenses are included in the initial recognition amount. The financial assets are subsequently measured at fair value, and changes in fair value are recognized in current profit and loss.

(5) Financial liabilities measured at fair value and whose changes are included in current profit and loss

Financial liabilities measured at fair value and whose changes are included in current profit and loss, including transaction financial liabilities, derivative financial liabilities, etc., are initially measured at fair value, and related transaction expenses are included in current profit and loss. The financial liabilities are subsequently measured at fair value, and changes in fair value are included in current profit and loss.

When a financial liability is terminate for recognition, the difference between book value and the consideration paid shall be recorded into the current profit and loss.

(6) Financial liabilities measured at amortized cost

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

Interest calculated by the effective interest method during the holding period is included in the current profit and loss.

When a financial liability is terminate for recognition, the difference between the consideration paid and the book value of the financial liability is included in current profit and loss.

9.3 Termination of recognition and transfer of financial assets

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

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

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

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

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

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

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

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

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

9.4 Terminating the recognition of financial liability

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

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

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

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

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

As for the financial instrument with an active market, the fair value is determined by the offer of the active market; there is no active market for a financial instrument, the valuation techniques to determine its fair value. At the time of valuation, the Company adopted applicable in the present case and there is enough available data and other information technology to support valuation, assets or liabilities of feature selection and market participants in the trading of the underlying asset or liability considered consistent input value and priority as the relevant observable inputs. Where relevant observable inputs can not get or do not get as far as practicable, the use of un-observable inputs.

9.6 Testing of the financial assets impairment and accounting treatment

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

The Company considers reasonable and well-founded information about past events, current conditions, and forecasts of future economic conditions, and uses the risk of default as the weight to calculate the

probability-weighted amount of the present value of the difference between the cash flow receivable from the contract and the cash flow expected to be received to confirm the expected credit loss.

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

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

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

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

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

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

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

10. Inventory

10.1 Classification and costs of inventory

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

process-outsourced and so on.

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

10.2 Valuation methods for delivery of inventory

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

10.3 Recognition standards of the net realizable value for inventory

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

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

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

10.4 Inventory system

Inventory system is the perpetual inventory system.

10.5 Amortization of low-value consumables and packaging materials

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

11. Contract asset

11.1 Methods and criteria for recognition of a contract asset

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

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

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

12. Contract cost

Contract cost includes contract performance cost and contract acquisition cost.

The cost incurred by the Company for the performance of the contract does not fall within the scope of relevant standards and norms such as inventory, fixed assets or intangible assets, and shall be recognized as an asset as contract performance cost when the following conditions are met:

- The cost is directly related to a current or anticipated contract.
- This cost increases the Company's resources for future performance obligations.
- This cost is expected to be recovered.

The incremental cost incurred by the Company to acquire the contract which is expected to be recovered shall be recognized as an asset as the contract acquisition cost.

Assets related to contract cost are amortized on the same basis as revenue recognition for the goods or services related to the assets; However, if the amortization period of the contract acquisition cost does not exceed one year, the Company shall record it into the profit and loss of the current period when it occurs.

If the carrying value of the assets related to the contract cost is higher than the difference between the following two items, the Company shall make an impairment provision for the excess part and recognize it as an asset impairment loss:

- (1) the remaining consideration expected to be obtained from the transfer of the goods or services related to the asset;
- (2) the cost estimated to occur for the transfer of the relevant goods or services.

If the said difference is higher than the book value of the asset due to the changes in the factors of impairment in the previous period, the Company shall reverse the original provision for impairment which has been set aside and record it into the profits and losses of the current period, provided that the book value of the asset after being reversed shall not exceed the book value of the asset on the date of reversal under the assumption that no impairment provision is set aside.

13. Long-term equity investment

13.1 Criteria for judgment of the common control and significant influence

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

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

13.2 Determination of initial investment cost

(1) Long-term equity investment formed by business combination

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

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

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

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

initial investment cost.

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

13.3 Subsequent measurement and recognition of gains and losses

(1) Long-term equity investment measured by cost

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

(2) Long-term equity investment measured by equity

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

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

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

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

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

(3) Disposal of long-term equity investment

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

Long-term equity investment accounted for by equity method

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

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

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

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

14. Investment real estate

Measurement

Measured by cost

Depreciation or amortization method

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

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

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

15. Fix assets

(1) Recognition

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

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

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

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

(2) Depreciation methods

Category	Method	Years of depreciation	Scrap value rate	Yearly depreciation rate
House and buildings	Straight-line depreciation			
Production buildings	Straight-line depreciation	20-35	5.00	2.71-4.75
Non-production buildings	Straight-line depreciation	20-40	5.00	2.38-4.75
Temporary dormitory and simple room etc.	Straight-line depreciation	5-15	5.00	6.33-19.00
Gas storage bin	Straight-line depreciation	20	5.00	4.75
Silo	Straight-line depreciation	50	5.00	1.90
Wharf and supporting facilities	Straight-line depreciation	50	5.00	1.90
Machinery equipment	Straight-line depreciation			
Other machinery equipment	Straight-line depreciation	10-20	5.00	4.75-9.50
Warehouse transmission equipment	Straight-line depreciation	20	5.00	4.75
Transport equipment	Straight-line depreciation	3-10	5.00	9.50-31.67
Electronic equipment and others	Straight-line depreciation	2-10	5.00	9.50-47.50

Depreciation of fixed assets is classified and accrued by using the straight-line depreciation, and the depreciation rate is determined according to the type of fixed assets, the expected service life and the estimated net residual value rate. For fixed assets with provision for impairment, the amount of depreciation shall be determined in future periods according to the book value after deducting the provision for impairment and based on the usable life. If each component of the fixed assets has different service lives or provides economic benefits to the enterprise in different ways, select different depreciation rates or depreciation methods, and the depreciation is accrued separately.

Depreciation policy for fixed assets leased under finance leases is consistent with that for owned fixed assets. If it is reasonable to be certain that the lessee will obtain the ownership of the leased asset when the lease term expires, the leased asset shall be fully depreciated over its useful life. If it is not reasonable to be certain that the lessee will obtain the ownership of the leased asset at the expiry of the lease term, the leased asset shall be fully depreciated over the shorter one of the lease term or its useful life.

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

If any of the following conditions are stipulated in the lease agreement signed by the Company and the lessee, it shall be recognized as a financial leased assets:

- ① ownership of the leased assets shall belong to the Company upon the expiration of the lease term;
- ② the Company has the option to purchase assets for a purchase price much lower than the fair value of the assets when the option is exercised;
- ③ the lease period accounts for most of the service life of the leased assets;
- ④ there is no significant difference between the present value of the minimum lease payment on the lease commencement date and the fair value of the assets.
- ⑤ leased assets are special in nature and can only be used by the lessee if no major alterations are made.

On the lease start date, the company regards the lower of the fair value of the leased asset and the present value of the minimum lease payment as the book value of the leased asset and regards the minimum lease payment amount as the book value of the long-term payable, and the difference is regarded as unrecognized financing charges.

16. Construction in progress

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

17. Borrowing expenses

17.1 Recognition of the borrowing expenses capitalization

Borrowing expenses that attributed for purchasing or construction of assets that are complying start to be capitalized and counted as relevant assets cost; other borrowing expenses, reckoned into current gains and losses after expenses recognized while occurred.

Assets satisfying the conditions of capitalization are those assets of fixed, investment real estate etc. which need a long period of time to purchase, construct, or manufacturing before becoming usable.

17.2 Period of capitalization

Capitalizing period was from the time star capitalizing until the time of suspended capitalization. The period for borrowing expenses suspended excluded in the period.

Capitalizing for borrowing expenses by satisfying the followed at same time:

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

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

17.3 Period of suspended

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

17.4 Capitalization rate of the borrowing costs, measurement of the capitalized amount

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

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

During the capitalization period, the exchange difference of the principal and interest of the specialized foreign currency borrowing is capitalized and included in the cost of the assets that meet the capitalization conditions.

Exchange differences arising from the principal and interest of foreign currency borrowings other than specialized foreign currency borrowing are included in the current profits and losses.

18. Biological assets

18.1 The Company's biological assets are productive biological assets, which are classified into productive biological assets, consumptive biological assets and biological assets for commonweal according to the purpose of holding and the way in which economic benefits are realized.

18.2 Biological assets are initially measured at cost

18.3 The necessary expenditures incurred by productive biological assets before reaching the intended production and operation purposes constitute the cost of the productive biological assets. Subsequent expenditures incurred after achieving the intended production purposes shall be included in the current profit and loss.

18.4 The necessary expenditures for consumptive biological assets before closure constitute the cost of consumptive biological assets, and subsequent expenditures incurred after closure are included in the current profit and loss. The cost of consumptive biological assets shall be carried forward according to the growing stock volume ratio method when harvesting.

18.5 The Company's biological assets are mainly tea trees. The company's productive biological assets that achieve the intended production and operation purposes are depreciated according to the average service life method, and the service life is determined as the remaining period of land use after deducting the immature tea tree period (5 years), the residual value rate is 5.00%. At the end of each year, the company reviews the service life, expected net residual value and depreciation methods. If the service life and expected net output value are different from the original estimate, or there is a significant change in the realization of economic benefits, it will be used as an accounting estimate change to adjust the service life or estimated net output value or change the depreciation method.

18.6 Biological assets for commonweal refer to biological assets whose main purpose is protection and environmental protection, including wind-breaking and sand-fixing forests, soil and water conservation forests, and water conservation forests.

The cost of self-constructed biological assets for commonweal shall be determined in accordance with the necessary expenditures such as cost of planting, tending fees, forest protection fees, forest culture and management facility fees, improved seed experiment fees, survey design fees, and indirect costs that should be apportioned

before the closure, including borrowing costs that meet the conditions for capitalization.

Biological assets for commonweal are subsequently measured at cost. There is no need to withdraw the asset impairment reserve for biological assets for commonweal.

18.7 The balance of the disposal consideration from the sale, inventory loss, death or damage of biological assets after deducting the book value and relevant taxes shall be included in the current profit and loss.

19. Right-of-use assets

On the commencement date of the lease term, the Company recognizes the right-of-use assets for leases other than short-term leases and low-value asset leases. The right-of-use assets shall be initially measured at cost. The cost includes:

The initial measurement amount of lease liabilities;

Where the lease payments paid on or before the commencement date of the lease term have a lease incentive, the amount of the lease incentive already enjoyed shall be deducted;

Initial direct costs incurred by the Company;

Costs expected to be incurred by the Company to dismantle and remove the leased assets, restore the sites where the leased assets locate or restore the leased assets to the state agreed upon in the lease terms, excluding costs incurred for the production of inventory.

The Company shall subsequently use the straight-line method to calculate the depreciation of the right-of-use assets. Where ownership of the leased asset can be reasonably determined at the end of the lease term, the Company shall calculate the depreciation during the remaining useful life of the leased asset; Otherwise, the depreciation of the leased asset is calculated during the period which is shorter between the lease term and the remaining useful life of the leased asset.

The Company determines whether the right-of-use asset impairment has occurred in accordance with the principles described in the Notes "21. Impairment of Long-term Assets", and makes accounting treatment for the identified impairment loss.

20. Intangible assets

(1) Measurement, use of life and impairment testing

1) Measurement

i-Initial measurement is made at cost when the Company acquires intangible assets;

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

ii -Subsequent measurement

Analyzing and judging the service life of an intangible asset when they are acquired.

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

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

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

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

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

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

1)Specific criteria for dividing research and development stages

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

Research stage: stage of the investigation and research activities exercising innovative-ness for new science or technology knowledge obtained and understanding.

Development stage: stage of the activities that produced new or material advance materials, devices and products that by research results or other knowledge adoption in certain plan or design before the commercial production or usage.

Expenditures incurred during the research phase of internal R&D projects shall be recorded into the current profit and loss when incurred.

2) Standards for capitalization satisfaction of expenditure in development state

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

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

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

Expenditure happened in development phase not satisfying the above conditions is included in current period gains and losses when occurs. Development expenditure previously included in gains and losses in previous periods will not be re-recognized as assets in later periods. Capitalized development expenditure is stated in balance sheet as development expenditure, and is transferred to intangible assets when the project is ready for planned use.

21. Impairment of long term assets

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

of assets is the smallest group of assets that is able to generate independent cash inflows.

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

When the Company conducts the goodwill impairment test, the book value of goodwill formed by business combination is apportioned to the relevant asset group according to reasonable methods from the date of purchase; if it is difficult to apportion it to the relevant asset group, apportion it to the relevant asset group portfolio. Relevant asset group or assets portfolio is the asset group or combination of assets group that can benefit from the synergies of the enterprise merger.

When conducting impairment test for relevant asset group with inclusion of goodwill, in case that there is indication of impairment for such asset group, impairment test would be firstly conducted in respect of the asset groups without inclusion of goodwill. Then, it shall calculate the recoverable amount and determine the corresponding impairment loss as compared to its carrying value. Then conduct an impairment test on the asset group or asset group portfolios containing goodwill, and compare their book value with the recoverable amount. If the recoverable amount is lower than the book value, the amount of impairment loss first deducts the book value of the goodwill allocated to the asset group or asset group portfolio, and then deducts the book value of the other assets in proportion according to the proportion of the book value of the other assets other than goodwill in the asset group or asset group portfolio. Once recognized, asset impairment loss would not be reversed in future accounting period.

22. Long term prepaid expense

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

23. Contract liabilities

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

24. Staff remuneration

(1) Accounting treatment of short term remuneration

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

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

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

(2) Accounting treatment for post employment benefits

1) Defined contribution plan

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

2) Defined benefit plan

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

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

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

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

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

3)Accounting treatment for dismissal benefit

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

4)Accounting treatment for other long term staff benefits

Other long term staff benefits refers to all the other staff benefits except for short term remuneration, post office benefit and dismissal benefit.

For other long term staff benefits satisfying conditions under defined withdraw plan, the contribution payables shall be recognized as liabilities and included in current gains and losses or relevant asset cost during the accounting period in which the staff provides services to the Company.

25. Accrual liability

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

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

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

While determined the best estimation, take the risks, uncertainty and periodic value of currency that connected to the contingent issues into consideration. For major influence from periodic value of currency, determined best estimation after discount on future relevant cash out-flow.

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

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

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

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

26. Other financial instrument of preferred stocks and perpetual bond

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

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

- (1) There are contractual obligations that the Company cannot unconditionally avoid fulfilling with the cash payment or other financial assets;
- (2) Contains contractual obligation to deliver variable amounts of own equity instruments for settlement;
- (3) Contains derivative instrument that is settled with its own equity (such as conversion of equity, etc.), and the

derivative instrument is not settled with a fixed amount of their own equity instruments in exchange for a fixed amount of cash or other financial assets;

(4) There are contract clauses that indirectly form contract obligations;

(5) The perpetual bonds are in the same repayment order as the ordinary bonds and other debts issued by the issuer at the time of liquidation by the issuer.

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

27. Revenue

Accounting policy used for revenue recognition and measurement

27.1 accounting policy applicable for the revenue recognition and measurement

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

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

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

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

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

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

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

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

27.2 Specific principle

1) Revenue from sales of goods: the sales revenue is recognized after the goods sold domestically have been delivered and the relevant terms agreed in the contract are met; for export sales, the realization of sales revenue is confirmed after the goods have been dispatched and declared in compliance with the relevant terms as agreed in the contract. For export sales, the sales revenue is recognized after the goods have been sent and declared and the relevant terms agreed in the contract are met.

2) Revenue from provision of labor services: For the dynamic reserve of grain and oil and its rotation services provided by the Company to the Shenzhen Municipal Government, the revenue is recognized when relevant labor services occur, the revenue from grain and oil reserve services is calculated and confirmed monthly based on the actual amount of grain and oil reserves and the reserve price stipulated in the "Shenzhen Municipal Government

Grain Reserve Expenses Contract Operation Regulations" and the "Shenzhen Municipal Government Edible Vegetable Oil Government Reserve Expenses Contract Operation Regulations".

3) Other income:

i-The amount of royalty revenue is calculated and determined in accordance with the charging time and method agreed in the relevant contract or agreement;

ii- Income from real estate, terminal warehouse and other property leasing and terminal docking business is calculated and recognized as the property rental income, warehousing and logistics income.

Differences in accounting policies for revenue recognition due to the different operating models for the same types of business

28. Government subsidy

28.1 Types

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

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

Specific criteria for classifying the government subsidy as asset-related by the Company are: government subsidy acquired for the acquisition and construction or other formation of long-term assets

Specific criteria for classifying the government subsidy as income-related by the Company are: government subsidy obtained by the Company other than those related to assets.

28.2 Recognition time point

At end of the period, if there is evidence show that the Company qualified relevant condition of fiscal supporting polices and such supporting funds are predicted to obtained, than recognized the amount receivable as government subsidy. After that, government subsidy shall recognize while actually received.

Government subsidy in the form of monetary assets are stated at the amount received or receivable. Government subsidy in the form of non-monetary assets are measured at fair value; if fair value cannot be obtained, a nominal amount (one yuan) is used. Government subsidy measured at nominal amount is recognized immediately in profit or loss for the current period.

28.3 Accounting treatment

Based on the nature of economic business, the Company determines whether a certain type of government subsidy business should be accounted for by using the total amount method or the net amount method. In general, the Company only chooses one method for similar or similar government subsidy services, and this method is consistently applied to the business.

Item	Calculation content
Based on gross method	All business of government subsidy

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

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

The policy-related preferential loan interest discounts obtained by the Company shall be accounted for separately in the following two situations:

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

29. Deferred income tax assets and deferred income tax liabilities

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

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

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

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

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

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

On the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured at the applicable tax rate during the period when the relevant assets are expected to be recovered or the relevant liabilities are expected to be paid off in accordance with the provisions of the tax law.

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

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

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

- The tax subject has the statutory right to settle current income tax assets and current income tax liabilities on a net basis;

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

30. Lease

(1)Accounting treatment for operating lease

Accounting policy since 1 Jan. 2021

A lease is a contract whereby the lessor transfers the right to the use of an asset to the lessee for a certain period of time in exchange for consideration. On the commencement date of the contract, the Company evaluates whether the contract is a lease or includes a lease. A contract is a lease or includes a lease if one party transfers the right to control the use of one or more identified assets for a certain period of time in exchange for consideration.

If the contract contains multiple separate leases at the same time, the Company will divide the contract and make accounting treatment for each separate lease. If the contract contains both leasing and non-leasing parts, the lessee and lessor shall divide the leasing and non-leasing parts.

30.1. The Company acts as the lessee

(1) Right-of-use assets

On the commencement date of the lease term, the Company recognizes the right-of-use assets for leases other than short-term leases and low-value asset leases. The right-of-use assets shall be initially measured at cost. The cost includes:

The initial measurement amount of lease liabilities;

Where the lease payments paid on or before the commencement date of the lease term have a lease incentive, the amount of the lease incentive already enjoyed shall be deducted;

Initial direct costs incurred by the Company;

Costs expected to be incurred by the Company to dismantle and remove the leased assets, restore the sites where the leased assets locate or restore the leased assets to the state agreed upon in the lease terms, excluding costs incurred for the production of inventory.

The Company shall subsequently use the straight-line method to calculate the depreciation of the right-of-use assets. Where ownership of the leased asset can be reasonably determined at the end of the lease term, the Company shall calculate the depreciation during the remaining useful life of the leased asset; Otherwise, the depreciation of the leased asset is calculated during the period which is shorter between the lease term and the remaining useful life of the leased asset.

The Company determines whether the right-of-use asset impairment has occurred in accordance with the principles described in the Notes "21. Impairment of Long-term Assets", and makes accounting treatment for the identified impairment loss.

(2) Lease liabilities

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

Where there is a lease incentive in the fixed payments (including the substantive fixed payments), deduct the lease incentive;

Variable lease payments depending on the index or ratio;

The payments estimated to be paid according to the guaranteed residual value provided by the company;

The executive price of the call option provided that the company reasonably determines that the option will be exercised;

The payments payable to exercise the termination of lease option provided that the lease term reflects that the company shall exercise the termination of lease option.

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

The Company calculates the interest expense of the lease liability in each period of the lease term at a fixed periodic rate and records it into the current profits and losses or the cost of underlying asset.

The variable lease payments not included in the measurement of lease liabilities are booked into the profits and losses of the current period or the cost of related assets when actually incurred.

After the commencement date of the lease term, if any of the following circumstances occurs, the Company shall re-measure the lease liabilities and adjust the corresponding right-of-use assets. If the book value of the right-of-use assets has been reduced to zero, but the lease liabilities still need to be further reduced, the difference shall be recorded into the profits and losses of the current period.

If the evaluation results of the call option, the lease renewal option or the termination option changes, or the actual exercise of the said option is inconsistent with the original evaluation results, the Company shall remeasure the lease liability at the present value calculated by the changed lease payment and the revised discount rate;

In the event of a change in the substantive fixed payment, a change in the amount expected to be payable for the guaranteed residual value, or a change in the index or ratio used to determine the lease payment, the Company

shall remeasure the lease liability according to the present value calculated by the changed lease payment and the original discount rate. However, where changes in lease payments result from changes in floating interest rates, the present value is calculated by using the revised discount rate.

(3) Short-term leases and low-value asset leases

The Company chooses not to recognize the right-of-use assets and lease liabilities for short-term leases and low-value asset leases, and records the relevant lease payments into the current profits and losses or related asset costs in accordance with the straight-line method for each period of the lease term. A short-term lease is a lease not exceeding 12 months and excluding the call option on the commencement date of the lease term. The low-value asset lease refers to a lease with a lower value when a single leased asset is a new asset. Where the company subleases or expects to sublease the leased asset, the original lease is not a low-value asset lease.

(4) Lease change

If the lease changes and meets the following conditions at the same time, the Company will treat the lease change as a separate lease for accounting treatment:

The lease change expands the lease scope by increasing one or more right of use of the leased assets;

The increased consideration and the separate price for the extension portion of the lease shall be equivalent to the amount adjusted according to the contract.

If the lease change is not regarded as a separate lease for accounting treatment, the company shall, on the effective date of the lease change, reapportion the consideration of the contract after the change, redetermine the lease term, and remeasure the lease liabilities according to the present value calculated by the changed lease payments and the revised discount rate.

If the lease change results in the narrowing of the lease scope or the shortening of the lease term, the Company shall adjust the book value of the right-of-use assets accordingly, and record the profits or losses related to partial or complete termination of lease into the profits and losses of the current period. The Company shall adjust the book value of the right-of-use assets accordingly if the lease liabilities are remeasured due to other lease changes.

30.2 The Company acts as the lessor

On the commencement date of the lease, the lease receipts of operating lease are recognized as rental income in accordance with the straight-line method for each period of the lease term. The Company capitalizes the initial direct costs incurred in connection with the operating lease and appoints them into the current profits and losses on the same basis as the rental income recognition during the lease term. Variable lease payments not included in lease receipts are recorded in the current profits and losses when they actually occur. If the operating lease changes, the Company shall treat it as a new lease for accounting treatment as of the effective date of the change, and the lease receipts collected in advance or receivable related to the lease before change shall be regarded as the

receipts of the new lease.

Accounting policy before 1 Jan. 2021

1)The rental fee paid for renting the properties by the company are amortized by the straight-line method and reckoned in the current expenses throughout the lease term without deducting rent-free period. The initial direct costs related to the lease transactions paid by the company are reckoned in the current expenses.

When the lessor undertakes the expenses related to the lease that should be undertaken by the company, the company shall deduct the expenses from the total rental costs, share by the deducted rental costs during the lease term, and reckon in the current expenses.

2)Rental obtained from assets leasing, during the whole leasing period without rent-free period excluded, shall be amortized by straight-line method and recognized as leasing revenue. The initial direct costs paid with leasing transaction concerned are reckoned into current expenditure; the amount is larger is capitalized when incurred, and accounted for as profit or loss for the current period on the same basis as recognition of rental income over the entire lease period.

When the company undertakes the expenses related to the lease that should be undertaken by the lessor, the company shall deduct the expenses from the total rental income, and distribute by the deducted rental costs during the lease term.

(2)Accounting treatment for financing lease

Accounting policy since 1 Jan. 2021

On the commencement date of the lease, the Company recognizes the finance lease receivable for the finance lease and terminates the recognition of the finance lease assets. In the initial measurement of the finance lease receivable, the Company shall take the net lease investment as the entry value of the finance lease receivable. The net lease investment is the sum of the unguaranteed residual value and the present value of the lease receipts not yet received at the commencement date of the lease term and discounted at the interest rate implicit in lease.

The Company calculates and recognizes the interest income for each period of the lease term at a fixed periodic interest rate. The accounting treatment for the termination of recognition and the impairment of the finance lease is conducted in accordance with the Notes "9. Financial Instruments".

Variable lease payments not included in the measurement of net lease investment are recorded in the current profits and losses when they actually occur.

If the finance lease changes and meets the following conditions at the same time, the Company will treat the

change as a separate lease for accounting treatment:

The change expands the lease scope by increasing one or more right of use of the leased assets;

The increased consideration and the separate price for the extension portion of the lease shall be equivalent to the amount adjusted according to the contract.

If the change of finance lease is not regarded as a separate lease for accounting treatment, the Company will treat the changed lease as follows:

If the change takes effective on the commencement date of the lease, the lease will be classified as an operating lease, and the Company will take it as a new lease for accounting treatment as of the effective date of the lease change, and take the net lease investment before the effective date of the lease change as the book value of the leased asset;

If the change takes effective on the commencement date of the lease, the lease will be classified as a finance lease, and the Company will comply with the policies on modification or renegotiation of contract in Notes "9. Financial Instruments" for accounting treatment.

Accounting policy before 1 Jan. 2021

(1) Assets lease-in by financing: On the beginning date of the lease, the entry value of leased asset shall be at the lower of the fair value of the leased asset and the present value of minimum lease payment at the beginning date of the lease. Minimum lease payment shall be the entry value of long-term accounts payable, with difference recognized as unrecognized financing expenses. Unrecognized financing expenses shall be reckoned in financial expenses and amortized and using effective interest method during the leasing period. The initial direct expenses incurred by the Company are included in the value of the rented assets.

(2) Finance leased assets: on the lease commencement date, the company affirms the balance among the finance lease receivables, the sum of unguaranteed residual value and its present value as the unrealized financing income, and recognizes it as the rental income during the period of receiving the rent. For the initial direct costs related to the rental transaction, the company reckons in the initial measurement of the finance lease receivables, and reduces the amount of income confirmed in the lease term.

31. Other important accounting policy and estimation

Safety production expenses

The safety production expenses drawn by the Company in accordance with the national regulations are included in the cost of relevant products or the current profit and loss, and are recorded in the "special reserve" account. When

using the drawn safety production expenses, directly offset the special reserve if it belongs to the expense expenditure. For fixed assets, the expenses incurred through the collection of “under construction” subjects shall be recognized as fixed assets when the safety project is completed and ready for use. At the same time, the special reserve shall be offset according to the cost of forming the fixed assets, and accumulated depreciation of the same amount shall be recognized. The fixed assets will no longer be depreciated in the future.

32. Changes of important accounting policy and estimation

(1) Changes of important accounting policies

Applicable Not applicable

Content & reasons	Approval procedure	Note
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32.1 Changes of important accounting estimate

(1) Implementation of the Accounting Standards for Business Enterprises No. 21 - Lease (2018 Revision)

The Ministry of Finance revised the Accounting Standards for Business Enterprises No. 21 -- Lease ("New Lease Standards" for short) in 2018. The Company has implemented the new lease standards from January 1, 2021. According to the revised standards, the company chooses not to re-evaluate whether they are leases or include leases on the first execution date for contracts that already exist prior to the first execution date.

·The Company acts as the lessee

The Company chooses to adjust the amount of retained earnings and other relevant items in its financial statements at the beginning of the year of the first implementation of the new lease standards based on the cumulative impact of the first implementation of the new lease standards, without adjusting the comparable period information.

For an operating lease existing prior to the first execution date, the Company shall measure the lease liabilities at the first execution date based on the present value of the remaining lease payment discounted at the incremental borrowing rate of the Company at the first execution date, and measure the right-of-use assets according to one of the following two ways for each lease:

Assume that the book value of the new lease standards is adopted on the start date of the lease term and the Company's incremental borrowing rate on the first execution date is used as the discount rate.

Make necessary adjustments to the prepaid rent for the amount equal to the lease liability.

For operating leases prior to the first execution date, the Company may choose one or more of the following simplified treatments for each lease in conjunction with the above method:

- 1) The leases completed within 12 months after the first execution date shall be treated as short-term leases;
- 2) When measuring lease liabilities, leases with similar features shall use the same discount rate;
- 3) The measurement of the right-of-use assets does not include the initial direct cost;
- 4) Where there is an option to renew or terminate the lease, the lease term shall be determined according to the actual exercise of the option prior to the first exercise and other latest conditions;

5) As an alternative to the impairment test of the right-of-use asset, assess whether the contract containing the lease is a loss contract prior to the first execution date in accordance with the Notes "25. Estimated Liabilities" and adjust the right-of-use asset according to the amount of loss provisions recorded in the balance sheet prior to the first execution date;

6) The lease changes occurring before the first execution date shall not be retroactively adjusted, and the accounting treatment shall be conducted in accordance with the final arrangement of lease changes and the new lease standards.

For the finance lease existing before the first execution date, the Company shall measure the right-of-use assets and lease liabilities respectively on the first execution date according to the original book value of the finance lease assets and the finance lease payments payable.

·The Company acts as the lessor

For the subleases classified as operating leases prior to the first execution date and surviving after the first execution date, the Company will re-evaluate them on the first execution date on the basis of the remaining contract term and terms of the original lease and the sublease, and classify them in accordance with the provisions of the new lease standards. If they are reclassified as finance leases, the Company will treat them as new finance leases.

Except for subleases, the Company does not need to adjust the leases on which it is the lessor in accordance with the new lease standards. The company shall conduct accounting treatment in accordance with the new lease standards from the first execution date.

The main effects of the Company's implementation of the new lease standards on the financial statements are as follows:

Content and reasons for changes in accounting policies	Statement items affected	Impact on the amount on balance as of 1 Jan. 2021	
		Consolidate	Parent company
As a lessee, the adjustment of the operating leases existing before the date of first execution	Right-of-use assets	2,329,027.97	
	Lease liability	2,329,027.97	

(2) Implementation of the "Interpretation No. 14 of Accounting Standards for Business Enterprises"

The Ministry of Finance promulgated the "Interpretation No. 14 of Accounting Standards for Business Enterprises" (CK[2021] No. 1, hereinafter referred to as "Interpretation No. 14") on February 2, 2021, which has taken effect as of the date of promulgation. The relevant business added from January 1, 2021 to the effective date shall be adjusted according to Interpretation No. 14.

① Public-private partnership (PPP) project contracts

Interpretation No. 14 is applicable for the PPP project contracts that meet the "dual features" and "double controls" described in the interpretation at the same time, and makes retroactive adjustment on the relevant PPP

project contracts that have been implemented before December 31, 2020 and have not been completed up to the implementation date, where the retroactive adjustment is not feasible, the application begins at the beginning of the earliest period of retroactive adjustment, cumulative impact adjusts the retained earnings at the beginning of the year of the implementation date and other related items in the financial statements, and information of comparable periods shall not be adjusted. The implementation of the provisions does not have a significant impact on the Company's financial situation and operating results.

② Interest rate benchmark reform

Interpretation No. 14 provides a simplified accounting treatment for cases where the basis for determining cash flows related to financial instrument contracts and lease contracts is changed as a result of the interest rate benchmark reform.

According to the provisions of this interpretation, businesses related to the interest rate benchmark reform occurring before December 31, 2020 shall be subject to retroactive adjustment, except where retroactive adjustment is not feasible, and there is no need to adjust the data in the previous comparative financial statements. On the implementation date of this interpretation, the difference between the original carrying value of financial assets and financial liabilities and the new carrying value shall be included in the retained earnings or other comprehensive income at the beginning of the annual reporting period of the implementation date of this interpretation. The implementation of the provisions does not have a significant impact on the Company's financial situation and operating results.

(3) Execution of the “Notice on the Adjustment of the Scope of Application of the Provisions on the Accounting Treatment of COVID-19 Related Rent Concessions”

On June 19, 2020, the Ministry of Finance issued the "Regulations on Accounting Treatment of Rental Concessions Related to the COVID-19 Epidemic" (CK (2020) No. 10), and enterprises can choose to adopt simplified methods for accounting treatments for rent concessions and deferred payment of rents directly caused by the COVID-19 epidemic that meet the conditions.

On May 26, 2021, the Ministry of Finance promulgated the Notice on the Adjustment of the Scope of Application of the Provisions on the Accounting Treatment of COVID-19 Related Rent Concessions (CK [2021] No. 9), which has taken effective from May 26, 2021, the scope of application of COVID-19 pandemic-related rent concessions which are allowed to adopt the simplified method under the Provisions on the Accounting Treatment of COVID-19 Related Rent Concessions is adjusted from the "the concession applies only to lease payments payable before 30 June 2021" to "the concession only applies to lease payments payable before 30 June 2022" to "the concession only applies to lease payments payable before 30 June 2022", and other conditions remain unchanged.

The Company has selected the simplified accounting treatment method for all the eligible lease contracts before the adjustment of scope of application, and adopted the simplified accounting treatment method for all the eligible

and similar lease contracts after the adjustment of scope of application, and made retroactive adjustment on relevant lease contracts that had adopted lease change for accounting treatment before the release of the notice, but did not adjust the data of the previous comparative financial statement; The relevant rent concessions incurred between January 1, 2021 and the effective date of the notice of which accounting treatment are not conducted in accordance with the provisions of the notice shall be adjusted in accordance with the notice.

32.2 Adjustment on the items of financial statements at beginning of the year when first exercise the new lease standards

Consolidate balance sheet

Item	Balance at end of last year	Balance at beginning of the year	Number adjusted		
			Re-classified	Re-measured	Total
Right-of-use assets		2,329,027.97		2,329,027.97	2,329,027.97
Lease liability		2,329,027.97		2,329,027.97	2,329,027.97

(2) Changes of important accounting estimate

Applicable Not applicable

(3) Adjustment on the relevant items of financial statement at beginning of the year when implemented the new leasing standards since 2021

Applicable

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

Yes No

Consolidate balance sheet

In RMB

Item	2020-12-31	2021-01-01	Adjustments
Current assets:			
Monetary fund	190,494,225.94	190,494,225.94	
Settlement provisions			
Capital lent			
Trading financial assets	160,621,806.51	160,621,806.51	
Derivative financial assets			
Note receivable	2,213,426.00	2,213,426.00	
Account receivable	198,311,102.17	198,311,102.17	

Account receivable financing			
Accounts paid in advance	27,136,263.84	27,136,263.84	
Insurance receivable			
Reinsurance receivables			
Contract reserve of reinsurance receivable			
Other account receivable	22,631,043.66	22,631,043.66	
Including: Interest receivable			
Dividend receivable			
Buying back the sale of financial assets			
Inventory	3,418,328,974.27	3,418,328,974.27	
Contract asset			
Assets held for sale			
Non-current asset due within one year			
Other current assets	119,750,603.31	119,750,603.31	
Total current assets	4,139,487,445.70	4,139,487,445.70	
Non-current assets:			
Loans and payments on behalf			
Creditors' investment			
Other creditors' investment			
Long-term account receivable			
Long-term equity investment	73,215,147.84	73,215,147.84	
Other equity instrument investment			
Other non-current financial assets	57,500.00	57,500.00	

Investment real estate	253,037,899.57	253,037,899.57	
Fix assets	1,122,692,490.55	1,122,692,490.55	
Construction in progress	1,045,643,295.57	1,045,643,295.57	
Productive biological asset	387,694.20	387,694.20	
Oil and gas asset			
Right-of-use asset		2,329,027.97	2,329,027.97
Intangible assets	599,306,223.04	599,306,223.04	
Expense on Research and Development			
Goodwill			
Long-term expenses to be apportioned	31,732,325.01	31,732,325.01	
Deferred income tax assets	41,347,952.12	41,347,952.12	
Other non-current assets	2,476,174.33	2,476,174.33	
Total non-current assets	3,169,896,702.23	3,172,225,730.20	2,329,027.97
Total assets	7,309,384,147.93	7,311,713,175.90	2,329,027.97
Current liabilities:			
Short-term loans	110,318,727.12	110,318,727.12	
Loan from central bank			
Capital borrowed			
Tradable financial liability			
Derivative financial liability			
Note payable			
Account payable	480,896,517.64	480,896,517.64	
Accounts received in advance	3,376,262.66	3,376,262.66	
Contract liabilities	108,975,866.82	108,975,866.82	
Selling financial asset of repurchase			
Absorbing deposit and			

interbank deposit			
Security trading of agency			
Security sales of agency			
Wage payable	260,514,559.66	260,514,559.66	
Taxes payable	66,904,735.29	66,904,735.29	
Other account payable	397,325,719.50	397,325,719.50	
Including: Interest payable			
Dividend payable	2,933,690.04	2,933,690.04	
Commission charge and commission payable			
Reinsurance payable			
Liability held for sale			
Non-current liabilities due within one year	104,225,183.07	104,225,183.07	
Other current liabilities	7,250,420.68	7,250,420.68	
Total current liabilities	1,539,787,992.44	1,539,787,992.44	
Non-current liabilities:			
Insurance contract reserve			
Long-term loans	841,864,531.75	841,864,531.75	
Bonds payable			
Including: preferred stock			
Perpetual capital securities			
Lease liability		2,329,027.97	2,329,027.97
Long-term account payable	16,126,146.20	16,126,146.20	
Long-term wage payable			
Accrual liabilities	3,500,000.00	3,500,000.00	
Deferred income	100,710,038.32	100,710,038.32	

Deferred income tax liabilities	12,150,035.13	12,150,035.13	
Other non-current liabilities			
Total non-current liabilities	974,350,751.40	976,679,779.37	2,329,027.97
Total liabilities	2,514,138,743.84	2,516,467,771.81	2,329,027.97
Owners' equity:			
Share capital	1,152,535,254.00	1,152,535,254.00	
Other equity instrument			
Including: preferred stock			
Perpetual capital securities			
Capital public reserve	1,422,892,729.36	1,422,892,729.36	
Less: Inventory shares			
Other comprehensive income			
Reasonable reserve			
Surplus public reserve	382,367,575.37	382,367,575.37	
Provision of general risk			
Retained profit	1,637,536,441.03	1,637,536,441.03	
Total owner's equity attributable to parent company	4,595,331,999.76	4,595,331,999.76	
Minority interests	199,913,404.33	199,913,404.33	
Total owner's equity	4,795,245,404.09	4,795,245,404.09	
Total liabilities and owner's equity	7,309,384,147.93	7,311,713,175.90	2,329,027.97

Explanation on adjustment

Balance sheet of parent company

In RMB

Item	2020-12-31	2021-01-01	Adjustments
Current assets:			
Monetary fund	5,312,806.71	5,312,806.71	

Trading financial assets	621,806.51	621,806.51	
Derivative financial assets			
Note receivable			
Account receivable	4,087,681.18	4,087,681.18	
Account receivable financing			
Accounts paid in advance			
Other account receivable	892,105,968.23	892,105,968.23	
Including: Interest receivable			
Dividend receivable	390,000,000.00	390,000,000.00	
Inventory			
Contract asset			
Assets held for sale			
Non-current asset due within one year			
Other current assets	1,497,597.50	1,497,597.50	
Total current assets	903,625,860.13	903,625,860.13	
Non-current assets:			
Creditors' investment			
Other creditors' investment			
Long-term account receivable			
Long-term equity investment	3,707,714,425.09	3,707,714,425.09	
Other equity instrument investment			
Other non-current financial assets			
Investment real estate	16,986,504.04	16,986,504.04	
Fix assets	33,125,275.65	33,125,275.65	

Construction in progress			
Productive biological asset	387,694.20	387,694.20	
Oil and gas asset			
Right-of-use asset			
Intangible assets	12,842,693.98	12,842,693.98	
Expense on Research and Development			
Goodwill			
Long-term expenses to be apportioned	1,040,708.20	1,040,708.20	
Deferred income tax assets			
Other non-current assets			
Total non-current assets	3,772,097,301.16	3,772,097,301.16	
Total assets	4,675,723,161.29	4,675,723,161.29	
Current liabilities:			
Short-term loans			
Tradable financial liability			
Derivative financial liability			
Note payable			
Account payable			
Accounts received in advance			
Contract liabilities	411.00	411.00	
Wage payable	26,535,794.31	26,535,794.31	
Taxes payable	2,736,075.65	2,736,075.65	
Other account payable	45,560,514.82	45,560,514.82	
Including: Interest payable			
Dividend payable			
Liability held for sale			

Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities	74,832,795.78	74,832,795.78	
Non-current liabilities:			
Long-term loans			
Bonds payable			
Including: preferred stock			
Perpetual capital securities			
Lease liability			
Long-term account payable			
Long-term wage payable			
Accrual liabilities	3,500,000.00	3,500,000.00	
Deferred income			
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities	3,500,000.00	3,500,000.00	
Total liabilities	78,332,795.78	78,332,795.78	
Owners' equity:			
Share capital	1,152,535,254.00	1,152,535,254.00	
Other equity instrument			
Including: preferred stock			
Perpetual capital securities			
Capital public reserve	3,018,106,568.27	3,018,106,568.27	
Less: Inventory shares			
Other comprehensive income			

Reasonable reserve			
Surplus public reserve	109,963,147.23	109,963,147.23	
Retained profit	316,785,396.01	316,785,396.01	
Total owner's equity	4,597,390,365.51	4,597,390,365.51	
Total liabilities and owner's equity	4,675,723,161.29	4,675,723,161.29	

Explanation on adjustment

(4) Retrospective adjustment of early comparison data description when implemented the new leasing standards since 2021

Applicable Not applicable

33.Others

N/A

VI. Taxes

1. Type of tax and rate for main applicable tax

Taxes	Basis	Rate
VAT	The output tax is calculated on the basis of the sales of goods and the taxable service income calculated according to the tax law. After deducting the input tax amount that is allowed to be deducted in the current period, the difference part is the value-added tax payable.	13%, 9%, 6%, 5%, 3%
Urban maintenance and construction tax	Calculated according to the actual value-added tax and consumption tax	5%, 7%
Enterprise income tax	Calculated according to taxable income	25%, 15%, 10%, 5%
Educational surtax	Calculated according to the actual value-added tax and consumption tax	3%
Local education surcharge	Calculated according to the actual value-added tax and consumption tax	2%
Property tax	Price-based resource tax, 1.2 percent of the remaining value after deducting 20% of the original value of the property; 12 percent of the rental income if levy by rents.	1.20%, 12%

Deed tax	When the property right of the real property is transferred, the contract price shall be paid to the owner of the property right in one lump sum	3%-5%
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Rate of income tax for different taxpaying body:

Taxpaying body	Rate of income tax
Shenzhen Cereals Holdings Co., Ltd.	25%
Shenzhen Cereals Group Co., Ltd. (hereinafter referred to as "SZCG")	25%, Some businesses are tax-free
Shenzhen Hualian Grain & Oil Trade Co., Ltd. (hereinafter referred to as "Hualian Cereals and Oil")	25%
Dongguan Hualian Grain & Oil Trade Co., Ltd. (hereinafter referred to as "Dongguan Hualian ")	25%
Shenzhen Flour Co., Ltd. (hereinafter referred to as "Shenzhen Flour")	Tax-free
Shenliang Quality Inspection Co., Ltd. (hereinafter referred to as "Shenliang Quality Inspection ")	5%
Hainan Shenliang Oil & Food Co., Ltd. (hereinafter referred to as "Hainan Oil & Food")	5%
Shenliang Doximi Business Co., Ltd. (hereinafter referred to as "Doximi")	25%
Shenzhen Shenliang Big Kitchen Food Supply Chain Co., Ltd.(hereinafter referred to as "Big Kitchen ")	25%
Shenzhen Shenliang Storage (Yingkou) Co., Ltd. (hereinafter referred to as "Yingkou Storage")	25%
Shenzhen Shenliang Cold Chain Logistics Co., Ltd. (hereinafter referred to as "Cold Chain Logistics")	15%
Shenzhen Shenliang Property Development Co., Ltd. (hereinafter referred to as " Shenliang Property")	25%
Shenzhen Shenliang Property Management Co., Ltd. (hereinafter referred to as "Shenliang Property")	5%
Dongguan Shenliang Logistics Co., Ltd. (hereinafter referred to as "Dongguan Logistics")	25%
Dongguan International Food Industrial Park Development Co., Ltd. (hereinafter referred to as "International Food")	25%
Dongguan Shenliang Oil & Food Trade Co., Ltd. (hereinafter referred to as "Dongguan Oil & Food")	25%
Shuangyashan Shenliang Zhongxin Cereals Base Co., Ltd.	25%

(hereinafter referred to as "Shuangyashan")	
Heilongjiang Hongxinglong Nongken Shenxin Cereals Industrial Park Co., Ltd. (hereinafter referred to as "Hongxinglong")	25%
Shenzhen Shenbao Huacheng Science and Technology Co., Ltd. (hereinafter referred to as "Shenbao Huacheng")	25%
Wuyuan Ju Fang Yong Tea Industry Co., Ltd.(hereinafter referred to as "Wuyuan Ju Fang Yong")	25%
Shenzhen Shenshenbao Investment Co., Ltd. (hereinafter referred to as "Shenbao Investment")	25%
Shenzhen Shenshenbao Tea Culture Commercial Management Co., Ltd. (hereinafter referred to as "Shenbao Tea Culture")	25%
Hangzhou Ju Fang Yong Holding Co., Ltd (hereinafter referred to as "Ju Fang Yong Holding ")	25%
Hangzhou Ju Fang Yong Trading Co., Ltd. (hereinafter referred to as "Ju Fang Yong Trading ")	25%
Hangzhou Fuhaitang Catering Management Chain Co., Ltd. (hereinafter referred to as "Fuhaitang Catering")	25%
Hangzhou Fuhaitang Tea Ecological Technology Co., Ltd. (hereinafter referred to as "Fuhaitang Ecological")	25%
Mount Wuyi Shenbao Rock Tea Co., Ltd. (hereinafter referred to as "Shenbao Rock Tea")	25%
Yunnan Shenbao Pu'er Tea Supply Chain Management Co., Ltd. (hereinafter referred to as "Pu'er Tea Supply Chain")	25%
Shenzhen Shenliang Food Co., Ltd. (hereinafter referred to as "Shenliang Food ")	25%
Yunnan Pu'er Tea Trading Center Co., Ltd. (hereinafter referred to as "Pu'er Tea Trading Center")	25%
Huizhou Shenbao Food Co., Ltd. (hereinafter referred to as "Shenbao Food")	25%
Huizhou Shenbao Technology Co., Ltd. (hereinafter referred to as "Huizhou Shenbao")	25%
Shenzhen Shenbao Property Management Co., Ltd. (hereinafter referred to as "Shenbao Property")	10%
Shenzhen Shenbao Technology Center Co., Ltd. (hereinafter referred to as "Shenbao Technology")	25%
Shenzhen Shenbao Industrial & Trading Co., Ltd. (hereinafter referred to as "Shenbao Industry and Trade")	25%
Shenzhen Shenliang Hongjun Catering Management Co., Ltd.	25%

(hereinafter referred to as "Shenliang Hongjun")	
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2. Tax preferential

2.1 VAT discounts and approval

According to the “Notice of the Ministry of Finance and the State Administration of Taxation on the Issues Concerning the VAT Collection and Exemption of Grain Enterprises (CSZ [1999] No. 198)” and “Shenzhen Tax Service, State Taxation Administration and Shenzhen Finance Bureau SGSF (SCF [1999] No.428)”, confirming that SZCG, the Company’s subsidiary, and its subsidiaries, are state-owned grain purchase and sale enterprises that undertake grain collection and storage tasks for Shenzhen, the grain sold is subject to tax-free declaration by rule and enjoys the exemption from VAT. In addition, according to the stipulation of the “Announcement of State Administration of Taxation on Relevant Management Matters After Clarifying the Cancellation of the Approval of Some VAT Preferential Policies” (SAT Announcement 2015 No. 38), the approval for exemption from VAT and the involved tax review and approval procedures for the state-owned grain enterprises that undertake grain collection and storage tasks, other grain enterprises that operate tax-free projects and enterprises that have edible vegetable oil sales business for government reserves are cancelled and changed to record management. The taxpayer does not change the content of the record materials during the period of tax exemption can be put on a one-time record. In December 2013, SZCG obtained the notice of the VAT preferential record (SGSFJBM [2013] No.2956) from Shenzhen Futian State Administration of Taxation. In the case of no change in policy, this limited filing period started on January 1st, 2014. The VAT input tax amount of the preferential item was separately accounted for, and the input VAT calculation method cannot be changed within 36 months after the selection. As of December 31, 2018, the tax exemption policy has been in effect since its filing in 2014, and the company’s VAT input tax has not changed since it was accounted for separately in 2014, so the company continues to enjoy the tax preference.

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

According to the stipulations of “Notice of the Ministry of Finance and the State Administration of Taxation on the Relevant Tax Policies Concerning Some National Reserved Commodities (CS [2019] No. 77)”, and documents of Guangdong Province Department of Finance, Guangdong Provincial Taxation Bureau of the State Administration of Taxation and Guangdong Provincial Food and Material Reserve Bureau (Yue Cai Shui [2020]No.2, confirming that the fund account book of SZCG, the Company’s subsidiary, and its direct depots is exempt from stamp duty, confirming that the written purchase and sale contracts of SZCG in the process of undertaking the commodity reserve business are exempt from stamp duty, and confirming that SZCG’s house property and land used for the commodity reserve business are exempt from house property tax and urban land use tax. The execution time limit for this tax preference policy is up to December 31, 2021.

2.3 Enterprise income tax

(1) According to the “Notice on the Issues Concerning the Treatment of Corporate Income Taxes for Fiscal Funds

of Special Purposes of the Ministry of Finance and the State Administration of Taxation (CS [2009] No. 87), the government service income obtained by SZCG, the Company's subsidiary, and its subsidiaries from the government's grain reserve business is a special-purpose fiscal fund, which can be used as non-taxable income if eligible and is deducted from the total income when calculating the taxable income. The expenses arising from the above-mentioned non-taxable income for expenditure shall not be deducted when calculating the taxable income; the calculated depreciation and amortization of the assets formed by non-taxable income for expenditure shall not be deducted when calculating the taxable income.

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

(3) According to Article 1, CS [2021] No. 30 of the Notice on the Extension of Preferential Policies of Enterprise Income Tax of Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone in Shenzhen, the enterprise income tax of qualified enterprises located in Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone is levied at the rate of 15.00%. The Company's subsidiary cold chain logistics is registered in Shenzhen Qianhai Cooperation Zone, which is eligible for preferential tax conditions. According to relevant policies of the cooperation zone, its income tax will enjoy a preferential tax of 15.00%, and the preferential tax policy will end on December 31, 2025.

(4) According to Article II of the "Notice of the State Taxation Administration and Ministry of Finance on the Implementation of Inclusive Tax Relief Policies for Small and Micro Enterprises" (CS[2029] No. 13), the portion of the annual taxable income of small, low-profit enterprises that does not exceed 1 million yuan will be included in the taxable income by 25%, and the corporate income tax will be paid at a tax rate of 20%. The portion of the annual taxable income of small, low-profit enterprises exceeding 1 million yuan but not exceeding 3 million yuan will be included in the taxable income by 50%, and the corporate income tax will be paid at a tax rate of 20%. The Company's subsidiaries, Quality Inspection, Hainan Grain and Oil and SZCH Property, are small and low-profit enterprises that meet the conditions for preferential taxation, and their income tax enjoys a 5% tax preference; the Company's subsidiary Shenbao Property is a small and low-profit enterprise that meets the conditions for preferential taxation, and its income tax enjoys a 10% tax preference.

3. Other

Nil

VII. Annotation to main items of consolidated financial statements

1. Monetary funds

In RMB/CNY

Item	Ending balance	Opening balance
Cash on hand	100,315.03	62,642.11
Cash in bank	67,609,744.07	189,169,821.01
Other monetary fund	1,064,024.01	1,261,762.82
Total	68,774,083.11	190,494,225.94

Other explanation

The Company did not has account pledge, freeze or has potential risks in collection ended as 30 June 2021.

2. Tradable financial assets

In RMB/CNY

Item	Ending balance	Opening balance
Financial assets measured by fair value and with variation reckoned into current gains/losses	910,778.83	160,621,806.51
Including:		
Structured financial products		160,000,000.00
Equity investment instrument	910,778.83	621,806.51
Including:		
Total	910,778.83	160,621,806.51

Other explanation:

3. Note receivable

(1) Category

In RMB/CNY

Item	Ending balance	Opening balance
Bank acceptance bill	694,376.00	2,213,426.00
Total	694,376.00	2,213,426.00

In RMB/CNY

Category	Ending balance			Opening balance		
	Book balance	Bad debt	Book	Book balance	Bad debt provision	Book

	provision		value			value
	Amount	Ratio		Amount	Accrual ratio	
Including:						
Including:						

Bad debt provision accrual on single basis:

In RMB/CNY

Name	Ending balance			
	Book balance	Bad debt provision	Accrual ratio	Accrual causes

Bad debt provision accrual on portfolio:

In RMB/CNY

Name	Ending balance		
	Book balance	Bad debt provision	Accrual ratio

Explanation on portfolio determines:

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

Applicable Not applicable

4. Account receivable

(1) Category

In RMB/CNY

Category	Ending balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	
Account receivable with bad debt provision accrual on a single basis	99,461,835.19	12.24%	96,675,238.63	97.20%	2,786,596.56	99,461,835.19	33.33%	96,675,238.63	97.20%	2,786,596.56
Including:										
Account receivable with single significant amount and withdrawal bad debt provision on single basis	10,455,627.54	1.29%	10,455,627.54	100.00%		10,455,627.54	3.50%	10,455,627.54	100.00%	

Account receivable with single minor amount but with bad debts provision accrued on a single basis	89,006,207.65	10.95%	86,219,611.09	96.87%	2,786,596.56	89,006,207.65	29.83%	86,219,611.09	96.87%	2,786,596.56
Account receivable with bad debt provision accrual on portfolio	713,078,324.26	87.76%	3,423,481.81	0.48%	709,654,842.45	198,936,140.29	66.67%	3,411,634.68	1.71%	195,524,505.61
Including:										
Combination of sales receivables	279,222,500.82	34.46%	3,423,481.81	1.23%	275,799,019.01	123,378,031.83	41.35%	3,411,634.68	2.77%	119,966,397.15
Specific object combinations	433,855,823.44	53.40%			433,855,823.44	75,558,108.46	25.32%			75,558,108.46
Total	812,540,159.45	100.00%	100,098,720.44	12.32%	712,441,439.01	298,397,975.48	100.00%	100,086,873.31	33.54%	198,311,102.17

Bad debt provision accrual on single basis:

In RMB/CNY

Name	Ending balance			
	Book balance	Bad debt provision	Accrual ratio	Accrual causes
Guangzhou Jinhe Feed Co., Ltd	10,455,627.54	10,455,627.54	100.00%	Slightly possibly taken back
Shenzhen Faqun Industry Co., Ltd.	4,582,156.00	4,582,156.00	100.00%	Slightly possibly taken back
Li Shaoyu owes for goods	2,929,128.53	2,929,128.53	100.00%	Slightly possibly taken back
Hengyang Feed factory	2,591,566.65	2,591,566.65	100.00%	Slightly possibly taken back
Zhuhai Doumen Huabi Feed Co., Ltd.	2,396,327.14	2,396,327.14	100.00%	Slightly possibly taken back
Chongqing Zhongxing Food Industry Co., Ltd.	2,354,783.30	2,354,783.30	100.00%	Slightly possibly taken back
Shenzhen Buji Agricultural Products Wholesale Center	1,534,512.45	1,534,512.45	100.00%	Slightly possibly taken back

Market Xingmin Commercial Bank				
Cao Shengyun	1,429,745.00	1,429,745.00	100.00%	Slightly possibly taken back
Huaxing Feed Factory, Shunde District, Foshan City	1,290,274.22	1,290,274.22	100.00%	Slightly possibly taken back
Shanghai office	1,059,295.90	1,059,295.90	100.00%	Slightly possibly taken back
Shenzhen Dihuan Investment Development Company	1,045,356.50	1,045,356.50	100.00%	Slightly possibly taken back
Other single provision	67,793,061.96	65,006,465.40	95.89%	Slightly possibly taken back
Total	99,461,835.19	96,675,238.63	--	--

Bad debt provision accrual on single basis:

In RMB/CNY

Name	Ending balance			
	Book balance	Bad debt provision	Accrual ratio	Accrual causes

Bad debt provision accrual on portfolio:

In RMB/CNY

Name	Ending balance		
	Book balance	Bad debt provision	Accrual ratio
Combination of sales receivables	279,222,500.82	3,423,481.81	1.23%
Specific object combinations	433,855,823.44		
Total	713,078,324.26	3,423,481.81	--

Explanation on portfolio determines:

Bad debt provision accrual on portfolio:

In RMB/CNY

Name	Ending balance		
	Book balance	Bad debt provision	Accrual ratio

Explanation on portfolio determines:

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

Applicable Not applicable

By account age

In RMB/CNY

Account age	Ending balance
Within one year (including 1-year)	709,154,553.26
1-2 years	1,997,698.44
2-3 years	4,291,591.73
Over 3 years	97,096,316.02
3-4 years	997,736.66
4-5 years	796,616.58
Over 5 years	95,301,962.78
Total	812,540,159.45

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

Bad debt provision accrual in the period:

In RMB/CNY

Category	Opening balance	Amount changed in the period				Ending balance
		Accrual	Collected or reversal	Written-off	Other	
Bad debt provision accrual on single basis	96,675,238.63					96,675,238.63
Sales receivable	3,411,634.68	11,847.13				3,423,481.81
Total	100,086,873.31	11,847.13				100,098,720.44

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

In RMB/CNY

Enterprise	Amount collected or reversal	Collection way

Nil

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

In RMB/CNY

Enterprise	Ending balance of accounts receivable	Proportion in total receivables at ending balance	Bad debt preparation ending balance
First	433,676,208.60	53.37%	
Second	116,537,624.81	14.34%	1,165,376.25

Third	47,968,235.57	5.90%	479,682.36
Fourth	15,645,347.20	1.93%	156,453.47
Fifth	11,998,839.55	1.48%	119,988.40
Total	625,826,255.73	77.02%	

5. Accounts paid in advance

(1) By account age

In RMB/CNY

Account age	Ending balance		Opening balance	
	Amount	Ratio	Amount	Ratio
Within one year	74,621,066.06	98.51%	26,384,747.13	97.23%
1-2 years	990,625.12	1.31%	616,328.73	2.27%
2-3 years	62,060.02	0.08%	61,695.87	0.23%
Over 3 years	74,655.37	0.10%	73,492.11	0.27%
Total	75,748,406.57	--	27,136,263.84	--

Explanation on reasons of failure to settle on important account paid in advance with age over one year:

(2) Top 5 account paid in advance at ending balance by prepayment object

Prepaid objects	Ending balance	Proportion in of total prepayment balance at the end of period (%)
First	51,099,594.05	67.46
Second	6,098,013.75	8.05
Three	4,806,333.75	6.35
Fourth	2,120,000.00	2.80
Fifth	1,794,973.44	2.37
Total	65,918,914.99	87.03

Other explanation:

6. Other account receivable

In RMB/CNY

Item	Ending balance	Opening balance
Other account receivable	18,588,482.62	22,631,043.66
Total	18,588,482.62	22,631,043.66

(3) Other account receivable

1) By nature

In RMB/CNY

Nature	Ending book balance	Opening book balance
Margin and deposit	5,419,081.24	14,965,660.96
Other intercourse funds	110,917,774.74	105,459,789.74
Total	116,336,855.98	120,425,450.70

2) Accrual of bad debt provision

In RMB/CNY

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance on Jan. 1, 2021	2,380,495.42		95,413,911.62	97,794,407.04
Balance of Jan. 1, 2021 in the period	—	—	—	—
Current accrual	-266,212.27		220,207.77	-46,004.50
Current write-off	29.18			29.18
Balance on Jun. 30, 2021	2,114,253.97		95,634,119.39	97,748,373.36

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

Applicable Not applicable

By account age

In RMB/CNY

Account age	Ending balance
Within one year (including 1-year)	15,684,570.95
1-2 years	3,946,102.73
2-3 years	1,048,008.68
Over 3 years	95,658,173.62
3-4 years	1,329,095.17
4-5 years	683,347.93
Over 5 years	93,645,730.52

Total	116,336,855.98
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3) Bad debt provision accrual, collected or reversal in the period

Bad debt provision accrual in the period:

In RMB/CNY

Category	Opening balance	Amount changed in the period				Ending balance
		Accrual	Collected or reversal	Written off	Other	
Bad debt provision accrual on single basis	95,413,911.62	220,207.77				95,634,119.39
Bad debt provision accrual on portfolio	2,380,495.42	-266,212.27		29.18		2,114,253.97
Total	97,794,407.04	-46,004.50		29.18		97,748,373.36

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

In RMB/CNY

Enterprise	Amount reversal or collected	Collection way

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

In RMB/CNY

Enterprise	Nature	Ending balance	Account age	Ratio in total ending balance of other account receivables	Bad debt preparation ending balance
First	Intercourse funds	24,384,884.84	Over 5 years	20.96%	21,963,786.56
Second	Intercourse funds	8,326,202.63	Over 5 years	7.16%	8,326,202.63
Three	Intercourse funds	8,285,803.57	Over 5 years	7.12%	8,285,803.57
Fourth	Intercourse funds	5,677,473.59	Over 5 years	4.88%	5,677,473.59
Fifth	Intercourse funds	5,602,468.81	Over 5 years	4.82%	5,602,468.81
Total	--	52,276,833.44	--	44.94%	49,855,735.16

7. Inventories

Whether companies need to comply with the disclosure requirements of the real estate industry

No

(1) Category

In RMB/CNY

Item	Ending balance			Opening balance		
	Book balance	Inventories fall provision or contract performance costs impairment provision	Book value	Book balance	Inventories fall provision or contract performance costs impairment provision	Book value
Raw materials	76,395,063.80	16,559,251.32	59,835,812.48	68,152,781.12	16,559,251.32	51,593,529.80
Inventory goods	4,135,095,644.49	111,536,919.08	4,023,558,725.41	3,431,982,588.15	110,146,694.45	3,321,835,893.70
Revolving material	1,785,312.27	887,023.20	898,289.07	5,614,055.57	887,023.20	4,727,032.37
Goods in transit	7,350,107.95		7,350,107.95	7,582,654.13		7,582,654.13
Consignment processing materials	6,095,792.03	5,290,502.32	805,289.71	5,388,478.79	5,290,502.32	97,976.47
Semi-finished products	29,487,509.61		29,487,509.61	27,672,374.13		27,672,374.13
Low-value consumables-packaging	8,315,234.63		8,315,234.63	4,819,513.67		4,819,513.67
Total	4,264,524,664.78	134,273,695.92	4,130,250,968.86	3,551,212,445.56	132,883,471.29	3,418,328,974.27

(2) Inventories fall provision or contract performance costs impairment provision

In RMB/CNY

Item	Opening balance	Current amount increased		Current amount decreased		Ending balance
		Accrual	Other	Reversal or write-off	Other	
Raw materials	16,559,251.32					16,559,251.32
Inventory goods	110,146,694.45	111,448,173.12		110,057,948.49		111,536,919.08
Revolving material	887,023.20					887,023.20

Consignment processing materials	5,290,502.32					5,290,502.32
Total	132,883,471.29	111,448,173.12		110,057,948.49		134,273,695.92

8. Other current assets

In RMB/CNY

Item	Ending balance	Opening balance
Financial products	20,000,000.00	10,000,000.00
Other		
Input tax to be deducted	106,719,728.35	109,023,326.25
Prepaid enterprise income tax		727,277.06
Total	126,719,728.35	119,750,603.31

Other explanation:

9. Long-term equity investment

In RMB/CNY

The invested entity	Opening balance (book value)	Current changes (+,-)								Ending balance (book value)	Ending balance of impairment provision	
		Additional investment	Capital reduction	Investment gains recognized under equity	Other comprehensive income adjustment	Other equity change	Cash dividend or profit announced to issued	Accrual of impairment provision	Other			
I. Joint venture												
II. Associated enterprise												
Zhuhai Hengxi ng Feed Industrial Co., Ltd.	33,002,039.62			324,998.58							33,327,038.20	
Shenzhen Duoxi Equity Investm	3,359,601.93			-185,548.73							3,174,053.20	

ent Fund Manage ment Co., Ltd.											
Shenlia ng Intellig ent Wulian Equity Investm ent Fund (Shenz hen) Partner ship Enterpr ise (Limite d)	26,255, 667.98			-109,51 5.52						26,146, 152.46	
Shenzh en Shenyu an Data Tech. Co., Ltd	10,597, 838.31			410,24 5.34						11,008, 083.65	
Shenzh en Shenba o (Liaoyu an) Industri al Co., Ltd.											57,628. 53
Shenzh en Shenba o											2,870,0 00.00

(Xinmi n) Foods Co., Ltd.											
Changz hou Shenba o Chacan g E-busin ess Co., Ltd.											
Shenzh en Shichu mingm en Restaur ant Manage ment Co., Ltd.											
Subtota l	73,215, 147.84			440,17 9.67						73,655, 327.51	2,927,6 28.53
Total	73,215, 147.84			440,17 9.67						73,655, 327.51	2,927,6 28.53

Other explanation

10. Other non-current financial assets

In RMB/CNY

Item	Ending balance	Opening balance
Financial assets measured at fair value and whose changes are included in the current profit and loss		
Including: Debt instrument investment		
Equity instrument investment	57,500.00	57,500.00
Total	57,500.00	57,500.00

Other explanation:

11. Investment real estate

(1) Measured at cost

√ Applicable □ Not applicable

In RMB/CNY

Item	House and building	Land use right	Construction in progress	Total
I. Original book value				
1. Opening balance	590,440,328.15			590,440,328.15
2. Current amount increased				
(1) Outsourcing				
(2) Inventory\fixed assets\construction in process transfer-in				
(3) Increased by combination				
3. Current amount decreased				
(1) Disposal				
(2) Other transfer-out				
4. Ending balance	590,440,328.15			590,440,328.15
II. Accumulated depreciation and accumulated amortization				
1. Opening balance	337,402,428.58			337,402,428.58
2. Current amount increased	8,190,545.20			8,190,545.20
(1) Accrual or amortization	8,190,545.20			8,190,545.20
3. Current amount decreased				

(1) Disposal				
(2) Other transfer-out				
4. Ending balance	345,592,973.78			345,592,973.78
III. Impairment provision				
1. Opening balance				
2. Current amount increased				
(1) Accrual				
3. Current amount decreased				
(1) Disposal				
(2) Other transfer-out				
4. Ending balance				
IV. Book value				
1. Ending book value	244,847,354.37			244,847,354.37
2. Opening book value	253,037,899.57			253,037,899.57

12. Fixed assets

In RMB/CNY

Item	Ending balance	Opening balance
Fixed assets	1,339,289,781.07	1,122,692,490.55
Fixed assets disposal	15,710.00	
Total	1,339,305,491.07	1,122,692,490.55

(1) Fixed assets

In RMB/CNY

Item	House and buildings	Machinery equipment	Transport equipment	Electronic and other equipment	Total
I. Original book value:					
1. Opening	1,039,002,914.64	532,316,124.36	17,662,383.74	68,287,685.82	1,657,269,108.56

balance					
2.Current amount increased	206,859,963.77	20,609,099.53	37,536.16	21,125,146.53	248,631,745.99
(1) Purchase		849,283.58	37,536.16	14,161,752.45	15,048,572.19
(2) Construction in progress transfer-in	206,859,963.77	19,759,815.95		6,963,394.08	233,583,173.80
(3) Increased by combination					
3.Current amount decreased		810,115.28	586,965.42	641,148.21	2,038,228.91
(1) Disposal or scrap		810,115.28	586,965.42	641,148.21	2,038,228.91
4.Ending balance	1,245,862,878.41	552,115,108.61	17,112,954.48	88,771,684.14	1,903,862,625.64
II. Accumulated depreciation					
1.Opening balance	217,598,012.04	255,179,025.46	12,517,697.64	44,323,543.85	529,618,278.99
2.Current amount increased	14,397,576.84	11,888,234.19	694,122.18	4,650,771.70	31,630,704.91
(1) Accrual	14,397,576.84	11,888,234.19	694,122.18	4,650,771.70	31,630,704.91
3.Current amount decreased		729,103.75	329,065.00	576,309.60	1,634,478.35
(1) Disposal or scrap		729,103.75	329,065.00	576,309.60	1,634,478.35
4.Ending balance	231,995,588.88	266,338,155.90	12,882,754.82	48,398,005.95	559,614,505.55
III. Impairment provision					
1.Opening balance	689,332.71	4,259,116.44		9,889.87	4,958,339.02
2.Current					

amount increased					
(1) Accrual					
3.Current amount decreased					
(1) Disposal or scrap					
4.Ending balance	689,332.71	4,259,116.44		9,889.87	4,958,339.02
IV. Book value					
1.Ending book value	1,013,177,956.82	281,517,836.27	4,230,199.66	40,363,788.32	1,339,289,781.07
2. Opening book value	820,715,569.89	272,877,982.46	5,144,686.10	23,954,252.10	1,122,692,490.55

(2) Fix assets without property certification held

In RMB/CNY

Item	Book value	Reasons for without the property certification
House buildings	88,736,008.62	Still under processing
House buildings	15,188,788.28	At present, the relevant application and approval procedures are being started.
House buildings	10,588,288.49	Simple and temporary buildings etc, cannot handle the property right certificate
House buildings	1,178,284.70	Simple and temporary buildings etc, cannot handle the property right certificate
House buildings	102,533,049.08	Berth of wharf has right of use, no need to handle the certificate
House buildings	154,683,436.23	Berth of wharf has right of use, no need to handle the certificate

Other explanation

(3) Fixed assets disposal

In RMB/CNY

Item	Ending balance	Opening balance
Fixed assets disposal	15,710.00	
Total	15,710.00	

Other explanation

13. Construction in progress

In RMB/CNY

Item	Ending balance	Opening balance
Construction in progress	868,979,194.24	1,045,643,295.57
Total	868,979,194.24	1,045,643,295.57

(1) Construction in progress

In RMB/CNY

Item	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Shenbao Plaza project	3,842,333.64	3,842,333.64		3,842,333.64	3,842,333.64	
Dongguan grain storage and wharf matching project	105,051,055.18		105,051,055.18	266,376,815.54		266,376,815.54
Pinghu Grain Depot Phase III Low Temperature Rice Warehouse Expansion and Reconstruction Project	13,069,797.53		13,069,797.53			
Deep processing of Dongguan Industry and Trading Food	692,628.86		692,628.86	513,729.78		513,729.78
CDE storage of	736,730,017.78		736,730,017.78	720,076,609.48		720,076,609.48

Dongguan Food Industrial Park and wharf mating projects						
Grain storage and processing				43,334,291.04		43,334,291.04
Water Leakage Project of Pinghu Reservoir				2,763,915.81		2,763,915.81
Shuguang Warehouse No. 3 & No. 6 Refrigeration Reconstruction Project				1,992,099.16		1,992,099.16
Renovation of supporting loading and unloading facilities in Pinghu Reservoir				1,169,025.00		1,169,025.00
Cold chain intelligent system	3,645,282.94		3,645,282.94	3,645,282.94		3,645,282.94
Other	10,693,601.69	903,189.74	9,790,411.95	6,674,716.56	903,189.74	5,771,526.82
Total	873,724,717.62	4,745,523.38	868,979,194.24	1,050,388,818.95	4,745,523.38	1,045,643,295.57

(2) Changes of major construction in progress

In RMB/CNY

Item Name	Budget	Opening balance	Current amount increased	Transfer-in fixed assets	Other decreased in the Period	Ending balance	Proportion of project investment in budget	Progress	Accumulated capitalization of interest	Including: amount of capitalization of interest in	Interest capitalization rate in Period	Capital resources

										Period		
Dongguan grain storage and wharf matching project	1,242,000.00	266,376,815.54	10,664,855.98		171,990,616.34	105,051,055.18	77.00%	77.00%	34,175,733.67	1,938,827.03	4.90%	Other
Deep processing of Dongguan Industry and Trading Food	292,000.00	513,729.78	178,899.08			692,628.86	42.00%	42.00%	4,812,867.06			Other
CDE storage of Dongguan Food Industrial Park and wharf matching projects	1,087,300.00	720,076,609.48	16,653,408.30			736,730,017.78	95.00%	95.00%	87,395,237.67	14,547,868.69	4.90%	Other
Total	2,621,300.00	986,967,154.80	27,497,163.36		171,990,616.34	842,473,701.82	--	--	126,383,838.40	16,486,695.72		--

14. Productive biological asset

(1) Measured by cost

√ Applicable □ Not applicable

In RMB/CNY

Item	Plant	Livestock	Forestry	Fisheries	Total
			Tea tree		
I. Original book value					
1. Opening balance			416,771.28		416,771.28
2. Current amount increased					
(1) Outsourcing					
(2) self-cultivate					
3. Current amount decreased					
(1) Disposal					
(2) Other					
4. Ending balance			416,771.28		416,771.28
II. Accumulated depreciation					
1. Opening balance			29,077.08		29,077.08
2. Current amount increased			4,846.20		4,846.20
(1) Accrual			4,846.20		4,846.20
3. Current amount decreased					
(1) Disposal					
(2) Other					
4. Ending balance			33,923.28		33,923.28
III. Impairment provision					

1. Opening balance					
2. Current amount increased					
(1) Accrual					
3. Current amount decreased					
(1) Disposal					
(2) Other					
4. Ending balance					
IV. Book value					
1. Ending book value			382,848.00		382,848.00
2. Opening book value			387,694.20		387,694.20

15. Right-of-use asset

In RMB/CNY

Item	House building	Total
1. Opening balance	2,329,027.97	2,329,027.97
2. Current amount increased	96,145,899.53	96,145,899.53
—New lease	96,145,899.53	96,145,899.53
4. Ending balance	98,474,927.50	98,474,927.50
2. Current amount increased	8,663,657.57	8,663,657.57
(1) Accrual	8,663,657.57	8,663,657.57
4. Ending balance	8,663,657.57	8,663,657.57
1. Ending book value	89,811,269.93	89,811,269.93
2. Opening book value	2,329,027.97	2,329,027.97

Other explanation:

16. Intangible assets

(1) Intangible assets

In RMB/CNY

Item	Land use right	Patent	Non-patent technology	Other	Total
I. Original book value					
1. Opening balance	633,437,630.19	47,245,918.89	40,777,889.56	34,007,377.25	755,468,815.89
2. Current amount increased	95,247.35		6,846,482.20	13,683,637.74	20,625,367.29
(1) Purchase	95,247.35		6,846,482.20	13,683,637.74	20,625,367.29
(2) Internal R&D					
(3) Increased by combination					
3. Current amount decreased					
(1) Disposal					
4. Ending balance	633,532,877.54	47,245,918.89	47,624,371.76	47,691,014.99	776,094,183.18
II. Accumulated amortization					
1. Opening balance	100,424,358.42	27,673,682.23	9,037,770.45	12,343,156.33	149,478,967.43
2. Current amount increased	7,569,916.80	1,026,128.94	3,526,506.37	1,257,971.54	13,380,523.65
(1) Accrual	7,569,916.80	1,026,128.94	3,526,506.37	1,257,971.54	13,380,523.65
3. Current amount decreased					
(1) Disposal					

4.Ending balance	107,994,275.22	28,699,811.17	12,564,276.82	13,601,127.87	162,859,491.08
III. Impairment provision					
1.Opening balance		5,553,283.54	1,130,341.88	0.00	6,683,625.42
2.Current amount increased					
(1) Accrual					
3.Current amount decreased					
(1) Disposal					
4.Ending balance		5,553,283.54	1,130,341.88	0.00	6,683,625.42
IV. Book value					
1.Ending book value	525,538,602.32	12,992,824.18	33,929,753.06	34,089,887.12	606,551,066.68
2. Opening book value	533,013,271.77	14,018,953.12	30,609,777.23	21,664,220.92	599,306,223.04

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

(2) Land use rights without certificate of ownership

In RMB/CNY

Item	Book value	Reasons for without the property certification
Land use right	34,305,035.82	Still under processing

Other explanation:

17. Goodwill

(1) Goodwill Original book value

In RMB/CNY

The invested	Opening	Current increased	Current decreased	Ending balance
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entity or matters forming goodwill	balance	Formed by business combination		Dispose		
Yunnan Pu'er Tea Trading Center Co., Ltd.	673,940.32					673,940.32
Total	673,940.32					673,940.32

(2) Goodwill impairment provision

In RMB/CNY

The invested entity or matters forming goodwill	Opening balance	Current increased		Current decreased		Ending balance
		Accrual		Dispose		
Yunnan Pu'er Tea Trading Center Co., Ltd.	673,940.32					673,940.32
Total	673,940.32					673,940.32

Relevant information about the assets group or portfolio goodwill included

Note: In May 2016, the 15% equity of Pu'er Tea Trading Center held by Yunnan Heng Feng Xiang Investment Co., Ltd was acquired by Ju Fang Yong Holding, the sub-subsidiary of the Company, after completion of the acquisition, the Company has control over the Pu'er Tea Trading Center. The balance between the combined cost and the fair value of net assets on the combining date formed goodwill of RMB 673,940.32. As of June 30, 2021, the impairment provision has been fully accrued.

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

Impact of goodwill impairment test

Other explanation

18. Long-term expenses to be apportioned

In RMB/CNY

Item	Opening balance	Current amount increased	Current amortization	Other decreased	Ending balance
Improve	12,887,591.23	2,760,426.27	1,820,244.87		13,827,772.63

expenditure for fix assets					
Decoration fee	8,966,668.26	845,069.45	7,186,859.67		2,624,878.04
Improve expenditure for investment real estate	4,285,771.94		160,095.18		4,125,676.76
Affiliated project of resident area in Wuyuan Ju Fang Yong	96,739.87		13,191.78		83,548.09
Other	5,495,553.71	3,853,942.89	778,761.01		8,570,735.59
Total	31,732,325.01	7,459,438.61	9,959,152.51		29,232,611.11

Other explanation

19. Deferred income tax asset /Deferred income tax liabilities

(1) Deferred income tax assets without offset

In RMB/CNY

Item	Ending balance		Opening balance	
	Deductible temporary differences	Deferred income tax asset	Deductible temporary differences	Deferred income tax asset
Impairment provision for assets	67,113,321.86	16,501,454.23	67,113,321.86	16,501,454.23
Unrealized profits in internal transactions	3,488,612.52	872,153.13	3,078,755.60	769,722.53
Deductible loss	53,846.20	13,461.55	53,846.20	13,461.55
Credit impairment loss	96,768,909.47	24,063,313.81	96,768,909.47	24,063,313.81
Total	167,424,690.05	41,450,382.72	167,014,833.13	41,347,952.12

(2) Deferred income tax liability without offset

In RMB/CNY

Item	Ending balance		Opening balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Asset evaluation increment of enterprise combine under	47,772,705.72	11,943,176.43	48,600,140.52	12,150,035.13

different control				
Total	47,772,705.72	11,943,176.43	48,600,140.52	12,150,035.13

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

In RMB/CNY

Item	Trade-off between the deferred income tax assets and liabilities	Ending balance of deferred income tax assets or liabilities after off-set	Trade-off between the deferred income tax assets and liabilities at period-begin	Opening balance of deferred income tax assets or liabilities after off-set
Deferred income tax asset		41,450,382.72		41,347,952.12
Deferred income tax liabilities		11,943,176.43		12,150,035.13

(4) Details of uncertain deferred income tax assets

In RMB/CNY

Item	Ending balance	Opening balance
Deductible temporary differences	226,433,711.65	183,270,008.13
Deductible loss	363,628,773.68	351,368,763.83
Total	590,062,485.33	534,638,771.96

20. Other non-current asset

In RMB/CNY

Item	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Prepaid for equipment	611,965.84		611,965.84	611,965.84		611,965.84
Prepaid for system	723,950.00		723,950.00	1,864,208.49		1,864,208.49
Total	1,335,915.84		1,335,915.84	2,476,174.33		2,476,174.33

Other explanation:

21. Short-term loans

(1) Category

In RMB/CNY

Item	Ending balance	Opening balance
Loan in credit	1,212,686,540.73	110,318,727.12
Total	1,212,686,540.73	110,318,727.12

Explanation on category of short-term loans:

22. Account payable

(1) Account payable

In RMB/CNY

Item	Ending balance	Opening balance
Trade accounts payable	488,144,451.37	221,632,903.56
Account payable for engineering	208,126,202.35	254,410,372.45
Other	6,902,635.22	4,853,241.63
Total	703,173,288.94	480,896,517.64

23. Accounts received in advance

(1) Accounts received in advance

In RMB/CNY

Item	Ending balance	Opening balance
Other	4,961,036.19	3,376,262.66
Total	4,961,036.19	3,376,262.66

24. Contract liabilities

In RMB/CNY

Item	Ending balance	Opening balance
Sales price	149,884,356.62	108,975,866.82
Total	149,884,356.62	108,975,866.82

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

In RMB/CNY

Item	Amount changed	Reasons of changes
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25. Wage payable

(1) Wage payable

In RMB/CNY

Item	Opening balance	Current increased	Current decreased	Ending balance
I. Short-term compensation	243,040,453.26	141,910,030.56	171,001,148.83	213,949,334.99
II. After-service welfare-defined contribution plans	16,738,931.80	9,088,085.58	7,683,026.68	18,143,990.70
III. Dismissed welfare	735,174.60	350,981.09	326,270.30	759,885.39
Total	260,514,559.66	151,349,097.23	179,010,445.81	232,853,211.08

(2) Short-term compensation

In RMB/CNY

Item	Opening balance	Current increased	Current decreased	Ending balance
1. Wage, bonus, allowance and subsidy	234,356,069.74	122,448,450.33	149,519,388.07	207,285,132.00
2. Employees' welfare	156,952.35	7,245,636.48	7,402,588.83	
3. Social insurance charges	198,640.24	3,094,989.14	3,245,891.24	47,738.14
Including:				
medical insurance premium	115,400.07	2,834,293.35	2,937,215.78	12,477.64
Industrial injury insurance premiums	1,267.41	115,193.44	116,406.64	54.21
Maternity insurance premiums	40,586.98	145,502.35	150,883.04	35,206.29
Other	41,385.78		41,385.78	
4. Housing public reserve	61,858.47	6,818,628.30	6,871,039.80	9,446.97
5. Trade union fee and education fee	8,266,932.46	2,302,326.31	3,962,240.89	6,607,017.88
Total	243,040,453.26	141,910,030.56	171,001,148.83	213,949,334.99

(3) Defined contribution plans

In RMB/CNY

Item	Opening balance	Current increased	Current decreased	Ending balance
1. Basic endowment insurance premiums	393,107.74	6,959,588.97	7,135,906.32	216,790.39
2. Unemployment insurance premiums	975.41	96,724.58	97,699.99	
3. Enterprise annuity	16,344,848.65	2,031,772.03	449,420.37	17,927,200.31
Total	16,738,931.80	9,088,085.58	7,683,026.68	18,143,990.70

Other explanation:

26. Taxes payable

In RMB/CNY

Item	Ending balance	Opening balance
VAT	2,646,968.62	2,792,128.64
Enterprise income tax	10,869,915.24	59,929,311.33
Personal income tax	8,865,349.38	975,572.27
Urban maintenance and construction tax	109,791.27	117,101.01
House property tax	5,091,298.35	1,041,691.54
Educational surtax	71,345.31	84,670.40
Use tax of land	774,044.06	191,383.02
Stamp tax	467,780.06	1,066,139.48
Other	123,281.57	42,509.76
Deed tax	664,227.84	664,227.84
Total	29,684,001.70	66,904,735.29

Other explanation:

27. Other account payable

In RMB/CNY

Item	Ending balance	Opening balance
Dividend payable	2,933,690.04	2,933,690.04
Other account payable	435,107,165.74	394,392,029.46
Total	438,040,855.78	397,325,719.50

(1) Dividend payable

In RMB/CNY

Item	Ending balance	Opening balance
Shenzhen Investment Management Company	2,690,970.14	2,690,970.14
Unmanaged shares	242,719.90	242,719.90
Total	2,933,690.04	2,933,690.04

Other explanation, including important dividend payable over one year without payment, disclose reasons for un-paid:

(2) Other account payable

1) By nature

In RMB/CNY

Item	Ending balance	Opening balance
Engineering quality retention money and fund of tail	1,056,043.07	737,356.67
Deposit and margin	113,796,045.40	191,086,945.49
Intercourse funds and other	319,443,401.51	191,229,002.98
Drawing expenses in advance	811,675.76	11,338,724.32
Total	435,107,165.74	394,392,029.46

2) Significant other account payable with over one year age

In RMB/CNY

Item	Ending balance	Reasons of outstanding or carry-over
Shenzhen Food Materials Group Co., Ltd	146,162,941.72	The settlement conditions have not yet been met
Total	146,162,941.72	--

Other explanation

28. Non-current liabilities due within one year

In RMB/CNY

Item	Ending balance	Opening balance
Long-term loans due within one year	137,873,648.25	104,225,183.07
Total	137,873,648.25	104,225,183.07

Other explanation:

29. Other current liabilities

In RMB/CNY

Item	Ending balance	Opening balance
VAT payable		2,329,512.69
Other		4,920,907.99
Total		7,250,420.68

Change of short-term bonds payable:

In RMB/CNY

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

Other explanation: nil

30. Long-term loans

(1) Category

In RMB/CNY

Item	Ending balance	Opening balance
Mortgage + guarantee	805,594,327.98	841,864,531.75
Total	805,594,327.98	841,864,531.75

Explanation on category of long-term loans:

Other explanation, including interest rate range:

31. Lease liability

In RMB/CNY

Item	Ending balance	Opening balance
Lease payment	91,245,488.14	2,329,027.97
Total	91,245,488.14	2,329,027.97

Other explanation

32. Long-term account payable

In RMB/CNY

Item	Ending balance	Opening balance

Special account payable	17,023,270.19	16,126,146.20
Total	17,023,270.19	16,126,146.20

(1) Special account payable

In RMB/CNY

Item	Opening balance	Current increased	Current decreased	Ending balance	Causes
Depreciation fund for grain deposits	16,126,146.20	897,123.99		17,023,270.19	
Total	16,126,146.20	897,123.99		17,023,270.19	--

Other explanation:

Note: the finance allocated to the Company as a government investment in depreciation special funds of reserve grain depot and interest.

33. Accrual liabilities

In RMB/CNY

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

Other explanation, including relevant important assumptions and estimation:

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

34. Deferred income

In RMB/CNY

Item	Opening balance	Current increased	Current decreased	Ending balance	Causes
Government subsidies	100,710,038.32	5,660,000.00	3,271,095.25	103,098,943.07	
Total	100,710,038.32	5,660,000.00	3,271,095.25	103,098,943.07	--

Item with Government subsidy involved:

In RMB/CNY

Liability	Opening balance	New grants in the Period	Amount reckoned in non-operati on revenue	Amount reckoned in other income	Cost reduction in the period	Other changes	Ending balance	Assets-rela ted/income related

Government central government grant funds	4,710,782.45	5,660,000.00	706,844.69		9,663,937.76			Assets-related
Intelligent management of grain depot based on mobile internet	466,666.56		100,000.02		366,666.54			Assets-related
Special funds for intelligent upgrading and transformation of grain warehouse "Grain Safety Project"	10,922,083.35		477,499.98		10,444,583.37			Assets-related
Subsidy for supply system construction of agricultural products	350,000.00		100,000.00		250,000.00			Assets-related
Agricultural product safety testing project of the special fund for agricultural development - Central investment fund	342,000.00		171,000.00		171,000.00			Assets-related

Special fund for agricultural development - agricultural product safety testing project-capacity building of the third party inspection institution expansion evaluation	164,000.00		82,000.00		82,000.00			Assets-related
Construction of O2O community sales service system for high quality grain and oil based on B2C E-commerce platform	1,712,259.12		19,288.02		1,692,971.10			Assets-related
Industrialization of Doximi E-commerce platform	978,281.14		368,210.28		610,070.86			Assets-related
Grain storage project of Dongguan Shenliang Logistics Co., Ltd. -	7,717,903.59		131,128.56		7,586,775.03			Assets-related

Storage A								
Phase II of grain storage project of Dongguan Shenliang Logistics Co., Ltd.- Storage B	30,906,098.48		515,650.26		30,390,448.22			Assets-related
Grain, oil and food headquarters and innovative public service platform of Dongguan Shenliang Logistics Co., Ltd.	18,000,000.00				18,000,000.00			Assets-related
Construction of 450000 ton silos and 60000 ton film silos -CDE warehouse. Gas storage bin	16,830,624.65		16,511.22		16,814,113.43			Assets-related
Base of further processing for tea and nature plants	550,000.00		137,500.02		412,499.98			Assets-related
Special fund for the development of	2,836,474.79		175,604.52		2,660,870.27			Assets-related

strategic emerging industries in Shenzhen								
Industrialization of instant tea powder	1,691,244.91		98,222.94		1,593,021.97			Assets-related
Enterprise technology center is a municipal R&D center. Subsidies for industrial technological advancement	1,579,251.97		102,012.24		1,477,239.73			Assets-related
Grant for key technology research and industrialization of instant tea powder	124,521.17		7,122.48		117,398.69			Assets-related
Construction amount for 50 tons for clearly processing for Mingyou tea	249,999.94		62,500.02		187,499.92			Assets-related
Project grants for years for agricultural	53,846.20				53,846.20			Assets-related

district, Xihu Zone								
Commercial circulation development project funding	524,000.00				524,000.00			Assets-related
Total	100,710,03 8.32	5,660,000. 00	3,271,095. 25		103,098,94 3.07			

Other explanation:

35. Share capital

In RMB/CNY

	Opening balance	Increased (decreased) in this period+, -					Ending balance
		New shares issued	Bonus shares	Shares converted from public reserve	Other	Subtotal	
Total shares	1,152,535,25 4.00						1,152,535,25 4.00

Other explanation:

36. Capital public reserve

In RMB/CNY

Item	Opening balance	Current increased	Current decreased	Ending balance
Capital premium (Share capital premium)	1,413,996,347.50		160,572,715.62	1,253,423,631.88
Other capital reserve	8,896,381.86			8,896,381.86
Total	1,422,892,729.36		160,572,715.62	1,262,320,013.74

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

37. Surplus public reserve

In RMB/CNY

Item	Opening balance	Current increased	Current decreased	Ending balance
Statutory surplus reserves	382,367,575.37			382,367,575.37

Total	382,367,575.37			382,367,575.37
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Other explanation, including changes and reasons for changes:

38. Retained profit

In RMB/CNY

Item	Current period	Last period
Retained profit at the end of the previous year before adjustment	1,637,536,441.03	1,495,135,080.60
Total retained profit at the beginning of the previous year before adjustment	1,637,536,441.03	1,495,135,080.60
Add: net profit attributable to shareholder of parent company	243,846,874.76	210,738,686.12
Common stock dividends payable	230,507,050.80	230,507,050.80
Retained profit at period-end	1,650,876,264.99	1,475,366,715.92

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

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

39. Operating income and operating cost

In RMB/CNY

Item	Current period		Last period	
	Income	Cost	Income	Cost
Main business	5,259,568,275.95	4,649,191,683.41	4,738,760,181.96	4,218,999,878.26
Other business	2,620,904.58	1,205,387.26	1,668,040.14	403,950.54
Total	5,262,189,180.53	4,650,397,070.67	4,740,428,222.10	4,219,403,828.80

Information relating to revenue:

In RMB/CNY

Category	Branch 1	Branch 2		Total
Including:				
Including:				
Including:				
Including:				

Including:				
Including:				
Including:				

Information relating to performance obligations:

Nil

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

The amount of income corresponding to the performance obligations that have been signed at the end of this reporting period but have not yet been fulfilled or have not done with fulfillment is 149,884,356.62 yuan, among them, 149,884,356.62 yuan of revenue is expected to be recognized in 2021.

Other explanation

40. Tax and surcharges

In RMB/CNY

Item	Current period	Last period
Consumption tax	544,486.02	393,095.87
Urban maintenance and construction tax	411,731.33	293,482.34
House property tax	4,225,156.71	2,332,175.04
Use tax of land	945,095.60	871,580.42
Vehicle and vessel use tax	8,953.20	
Stamp duty	826,252.63	385,415.59
Other	7,604.36	58,669.28
Total	6,969,279.85	4,334,418.54

Other explanation:

41. Sales expenses

In RMB/CNY

Item	Current period	Last period
Labor and social security benefits	40,890,403.82	32,804,986.80
Port terminal fee	29,316,408.89	19,474,717.84
Handling charges	4,291,965.96	4,882,744.12
Depreciation and amortization of long-term assets	6,730,728.23	6,518,839.48
Equivalent loss for low value perishable goods	2,408,636.91	935,717.93
After-sale services	2,359,846.00	789,476.48
Utilities and office expenses	2,848,894.71	2,350,318.50

Rental	2,942,783.48	2,577,208.22
Logistics transportation fee	2,180,760.95	28,612,496.12
Travel expenses	1,101,872.85	779,656.28
Sales commission	230,219.20	248,538.85
Business hospitality	799,812.28	527,170.78
Advertisement charge	790,841.41	363,244.31
Property insurance premium	631,971.43	82,506.02
Automobile expenses	296,086.85	317,274.99
Other	8,890,543.80	8,531,801.39
Total	106,711,776.77	109,796,698.11

Other explanation:

42. Administration expenses

In RMB/CNY

Item	Current period	Last period
Labor and social security benefits	74,829,904.07	69,229,045.12
Depreciation and amortization of long-term assets	12,401,821.37	13,292,796.12
Office expenses	5,946,658.73	3,701,673.55
Intermediary agency fee	3,127,140.25	2,140,781.77
Rental	2,049,677.28	1,468,092.89
Business hospitality	776,421.99	1,164,075.59
Relocation and shutdown costs	419,391.74	
Travel expenses	721,643.56	552,462.94
Repair cost	311,482.72	693,712.09
Communication fee	602,782.52	520,417.29
Vehicle usage fee	458,887.95	546,606.17
Low-value consumables	66,494.16	179,389.99
Other	7,603,787.31	8,285,912.43
Contract compensation		63,494.58
Total	109,316,093.65	101,838,460.53

Other explanation:

43. R&D expenses

In RMB/CNY

Item	Current period	Last period
Labor and social security benefits	7,052,838.34	4,299,743.55
Depreciation cost	2,141,451.05	1,678,787.85
Logistics consumption	350,852.23	80,752.32
Office expenses	559,237.89	146,085.41
Maintenance and inspection fee	190,595.59	11,870.89
Travel expenses	350,496.63	82,848.06
Automobile expenses	27,522.00	
Intermediary fees	18,883.02	
Other	234,141.40	1,068,684.60
Total	10,926,018.15	7,368,772.68

Other explanation:

44. Financial expenses

In RMB/CNY

Item	Current period	Last period
Interest expenses	15,362,400.04	7,410,693.33
Less: Interest income	765,002.68	1,735,133.50
Exchange loss	152,194.11	-54,764.94
Other	2,455,183.05	534,417.72
Total	17,204,774.52	6,155,212.61

Other explanation:

45. Other income

In RMB/CNY

Sources	Current period	Last period
Government subsidies related to asset	3,271,095.25	2,055,335.31
Government subsidies related to income	1,004,197.50	8,769,224.86
Collectively deduction for input tax	294,887.24	
Withholding personal income tax handling fee	321,549.63	
Direct VAT exemption	199.68	
Total	4,891,929.30	10,824,560.17

46. Investment income

In RMB/CNY

Item	Current period	Last period
Long-term equity investment income measured by equity	440,179.67	366,989.43
Investment income from disposal of long-term equity investment		2,337,075.95
Income from financial products	3,061,191.63	7,544,998.92
Total	3,501,371.30	10,249,064.30

Other explanation:

47. Income of fair value changes

In RMB/CNY

Sources	Current period	Last period
Tradable financial assets	288,972.32	-572,784.42
Total	288,972.32	-572,784.42

Other explanation:

48. Credit impairment loss

In RMB/CNY

Item	Current period	Last period
Loss of bad debt of other account receivable	46,004.50	638,878.91
Loss of bad debt of account receivable	-11,847.13	1,153,087.44
Total	34,157.37	1,791,966.35

Other explanation:

49. Assets impairment loss

In RMB/CNY

Item	Current period	Last period
II. Inventory price drop loss and contract performance cost impairment loss	-111,448,173.12	-95,290,043.04
Total	-111,448,173.12	-95,290,043.04

Other explanation:

50. Income from assets disposal

In RMB/CNY

Sources	Current period	Last period
Profit and loss on disposal of non current assets	8,318.64	-10,598.38
Total	8,318.64	-10,598.38

51. Non-operating income

In RMB/CNY

Item	Current period	Last period	Amount included in the current non-recurring profit and loss
Government subsidy	3,879.42	10,030.08	3,879.42
Profit	91,006.38		91,006.38
Other	1,532,816.76	664,790.24	1,532,816.76
Liquidated damages compensation income		683,979.26	
Total	1,627,702.56	1,358,799.58	1,627,702.56

Government subsidy reckoned into current gains/losses:

In RMB/CNY

Grants	Issuing subject	Issuing cause	Property type	Whether the impact of subsidies on the current profit and loss	Whether special subsidies	Amount of this period	Amount of last period	Assets related/Income related

Other explanation: nil

52. Non-operating expenditure

In RMB/CNY

Item	Current period	Last period	Amount included in the current non-recurring profit and loss
External donations	150,397.26	5,151,098.92	150,397.26
Inventory loss	6,532.18		6,532.18

Loss of scrap from non-current assets	19,868.54	35,567.38	19,868.54
Other	226,366.32		226,366.32
Total	403,164.30	5,186,666.30	403,164.30

Other explanation:

53. Income tax expense

(1) Income tax expense

In RMB/CNY

Item	Current period	Last period
Current income tax expenses	13,716,643.86	3,142,430.31
Deferred income tax expenses	-309,289.30	-677,161.68
Total	13,407,354.56	2,465,268.63

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

In RMB/CNY

Item	Current period
Total profit	259,165,280.99
Income tax expenses calculated by statutory tax rate	64,791,320.25
Impact from different tax rate apply with the subsidiary	-271,592.28
Effect of adjusting income tax in the previous period	5,552,660.64
Impact of non taxable income	-93,461,467.46
Impact on cost, expenses and losses that unable to deducted	27,943,603.88
Unrecognized impacts of deductible temporary differences or deductible losses on deferred income tax assets in the period	11,584,334.07
Additional deductible expenses required by tax law——Impact on R&D costs deduction	-2,731,504.54
Income tax expenses	13,407,354.56

Other explanation

54. Annotation of cash flow statement

(1) Cash received with other operating activities concerned

In RMB/CNY

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

Intercourse funds and deposit	501,614,298.48	425,055,874.21
Government subsidy	6,664,197.50	13,758,224.86
Interest income	765,002.68	1,893,194.14
Other		
Total	509,043,498.66	440,707,293.21

Note of cash paid with other operating activities concerned:

(2) Cash paid with other operating activities concerned

In RMB/CNY

Item	Current period	Last period
Intercourse funds and deposit	506,989,695.21	342,216,823.96
Operating daily expenses	80,962,607.92	103,213,558.91
Other	4,025,352.26	
Total	591,977,655.39	445,430,382.87

Note of cash paid with other operating activities concerned:

(3) Cash received with other investment activities concerned

In RMB/CNY

Item	Current period	Last period
Performance compensation		337,500.00
Other	54,336.41	
Total	54,336.41	337,500.00

Note of cash received with other investment activities concerned:

(4) Cash paid related with investment activities

In RMB/CNY

Item	Current period	Last period
Other	109,602.00	994,317.84
Total	109,602.00	994,317.84

Note of cash paid related with investment activities:

(5) Other cash paid related with financing activities

In RMB/CNY

Item	Current period	Last period
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Other		58,702.23
Total		58,702.23

Note of other cash paid related with financing activities:

55. Supplementary information to statement of cash flow

(1) Supplementary information to statement of cash flow

In RMB/CNY

Supplementary information	Current period	Last period
1. Net profit adjusted to cash flow of operation activities:	--	--
Net profit	245,757,926.43	212,229,860.46
Add: Impairment provision for assets	111,414,015.75	93,498,076.69
Depreciation of fixed assets, consumption of oil assets and depreciation of productive biology assets	39,826,096.31	36,594,574.62
Depreciation of right-of-use assets	8,663,657.57	
Amortization of intangible assets	13,380,523.65	11,220,066.23
Amortization of long-term pending expenses	9,959,152.51	2,824,888.62
Loss from disposal of fixed assets, intangible assets and other long-term assets (income is listed with “-”)	-8,318.64	10,598.38
Losses on scrapping of fixed assets (income is listed with “-“)	19,868.54	35,567.38
Loss from change of fair value (income is listed with “-“)	-288,972.32	572,784.42
Financial expenses (income is listed with “-”)	15,500,789.85	7,410,693.33
Investment loss (income is listed with “-”)	-3,501,371.30	-10,249,064.30
Decrease of deferred income tax assets (increase is listed with “-”)	-102,430.60	-470,303.13
Decrease of deferred income tax asset ((increase is listed with “-”)	-206,858.70	-206,858.55
Decrease of inventory (increase is listed with “-”)	-713,312,219.22	-382,924,860.42
Decrease of operating receivable accounts (increase is listed with “-”)	-557,180,868.53	129,417,912.00

Increase of operating payable accounts (decrease is listed with “-”)	138,806,857.37	-90,353,574.58
Other		
Net cash flow arising from operating activities	-691,272,151.33	9,610,361.15
2. Material investment and financing not involved in cash flow	--	--
Conversion of debt into capital		
Switching Company bonds due within one year		
financing lease of fixed assets		
3. Net change of cash and cash equivalents:	--	--
Balance of cash at period end	68,774,083.11	113,636,986.38
Less: Balance of cash at year-begin	190,494,225.94	154,954,757.85
Add: Balance at year-end of cash equivalents		
Less: Balance at year-begin of cash equivalents		
Net increasing of cash and cash equivalents	-121,720,142.83	-41,317,771.47

(2) Constitution of cash and cash equivalent

In RMB/CNY

Item	Ending balance	Opening balance
I. Cash	68,774,083.11	190,494,225.94
Including: Cash on hand	100,315.03	62,642.11
Bank deposit available for payment at any time	67,609,744.07	189,169,821.01
Other monetary fund available for payment at any time	1,064,024.01	1,261,762.82
III. Balance of cash and cash equivalent at period-end	68,774,083.11	190,494,225.94

Other explanation:

56. Assets with ownership or use right restricted

In RMB/CNY

Item	Ending book value	Reasons for restriction
Fix assets	671,932,275.20	According to the long-term loan mortgage contract signed by the Company, with Shenzhen Branch of Agricultural Development Bank and Huizhou Zhongkai Sub-branch of HSBC, the Company has mortgaged the real estate property rights of the structures of Yue (2020) Dongguan Property Right No. 0127118, Yue (2020) Dongguan Property Right No. 0127119, Yue (2020) Dongguan Property Right No. 0127120, and Yue (2020) Dongguan Property Right No.0119705 at No. 10, Jingang South Road, Machong Town, Dongguan City and other aground buildings to Shenzhen Branch of Agricultural Development Bank and Huizhou Zhongkai Sub-branch of HSBC in sequence as loan collateral.
Intangible assets	68,667,888.52	According to the loan contract Yue DG 2017 NGDZ No. 006 signed by International Food Company and Bank of Communications Co., Ltd. Dongguan Branch, International Food Company mortgaged two pieces of land “DFGY (2009) DT No. 190” and “DFGY (2012) DT No. 152” to Bank of Communications Co., Ltd. Dongguan Branch as collateral for the loan.
Intangible assets	35,398,230.05	According to the long-term loan mortgage contract signed by the Company, with Dongguan Branch of CMB, Dongguan Logistics Company has mortgaged the real estate property rights of the structures of Yue (2016) Dongguan Property Right No. 0028527 at No. 10, Jingang South Road, Machong Town, Dongguan City to Dongguan Branch of CMB
Total	775,998,393.77	--

Other explanation:

57. Foreign currency monetary items

(1) Foreign currency monetary items

In RMB/CNY

Item	Ending foreign currency balance	Convert rate	Ending RMB balance converted
Monetary fund	--	--	649,435.35
Including: USD	51,229.50	6.4601	330,947.69
EURO			
HKD	382,751.66	0.8321	318,487.66
Account receivable	--	--	2,413,463.66
Including: USD	356,778.87	6.4601	2,304,827.18
EURO			
HKD	130,557.00	0.8321	108,636.48

Long-term loans	--	--	
Including: USD			
EURO			
HKD			

Other explanation:

58. Government subsidy

(1) Government subsidy

In RMB/CNY

Category	Amount	Item	Amount reckoned into current gains/losses
Government subsidy related to assets	103,098,943.07	Deferred income	3,271,095.25
Government subsidy related to income	1,008,076.92		1,008,076.92
Total	104,107,019.99		4,279,172.17

59. Other

Nil

VIII. Changes of consolidation range

1. Other reasons for consolidation range changed

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

During the reporting period, the Company newly established Dongguan Hualian Company

2. Other

Nil

IX. Equity in other entity

1. Equity in subsidiary

(1) Constitute of enterprise group

Subsidiary	Main place of operation	Registration place	Business nature	Share-holding ratio		Acquired way
				Directly	Indirectly	
Shenbao Huacheng	Shenzhen	Shenzhen	Manufacturing	100.00%		Establishment
Wuyuan Ju Fang Yong	Shangrao	Shangrao	Manufacturing		100.00%	Establishment
Shenbao Tea Culture	Shenzhen	Shenzhen	Commercial trade		100.00%	Establishment
Ju Fang Yong Trading	Hangzhou	Hangzhou	Wholesale business		60.00%	Establishment
Ju Fang Yong Holding	Hangzhou	Hangzhou	Comprehensive		100.00%	Establishment
Fuhaitang Catering	Hangzhou	Hangzhou	Catering industry		100.00%	Establishment
Fuhaitang Ecological	Hangzhou	Hangzhou	Tea planting, production and sales		100.00%	Acquisition
Shenbao Rock Tea	Wuyishan	Wuyishan	Manufacturing		100.00%	Establishment
Pu'er Tea Supply Chain	Pu'er	Pu'er	Wholesale business		100.00%	Establishment
Shenbao Food	Huizhou	Huizhou	Wholesale business		100.00%	Establishment
Pu'er Tea Trading Center	Pu'er	Pu'er	Service industry		55.00%	Establishment
Shenbao Investment	Shenzhen	Shenzhen	Investment management	100.00%		Establishment
Shenliang Food	Huizhou	Shenzhen	Manufacturing	100.00%		Establishment
Huizhou Shenbao	Huizhou	Huizhou	Comprehensive	100.00%		Establishment
Shenbao Property	Shenzhen	Shenzhen	Property management	100.00%		Establishment
Shenbao	Shenzhen	Shenzhen	Development,	100.00%		Establishment

Technology			consulting and transfer of technology			
Shenbao Industry & Trade	Huizhou	Shenzhen	Wholesale business	100.00%		Establishment
SZCG	Shenzhen	Shenzhen	Grain & oil trading	100.00%		Combine under the same control
Hualian Grain & Oil	Shenzhen	Shenzhen	Grain & oil trading		100.00%	Combine under the same control
Dongguan Hualian	Dongguan	Dongguan	Grain & oil trading		100.00%	Establishment
Shenzhen Flour	Shenzhen	Shenzhen	Flour processing		100.00%	Combine under the same control
Shenliang Quality Inspection	Shenzhen	Shenzhen	Inspection		100.00%	Combine under the same control
Hainan Grain and Oil	Haikou	Haikou	Feed production		100.00%	Combine under the same control
Doximi	Shenzhen	Shenzhen	E-commerce		100.00%	Combine under the same control
Big Kitchen	Shenzhen	Shenzhen	Sales and processing of grain, oil and products		70.00%	Combine under the same control
Yingkou Storage	Yingkou	Yingkou	Storage		100.00%	Combine under the same control
Cold-Chain Logistic	Shenzhen	Shenzhen	Fresh food management on-line		100.00%	Combine under the same control
Shenliang Property	Shenzhen	Shenzhen	Property management		100.00%	Combine under the same control
Shenliang Real	Shenzhen	Shenzhen	Real estate		100.00%	Combine under

Estate			development and property management			the same control
International Food	Dongguan	Dongguan	Port operation, food production		51.00%	Combine under the same control
Dongguan Grain and Oil	Dongguan	Dongguan	Food production		51.00%	Combine under the same control
Dongguan Logistics	Dongguan	Dongguan	Storage, logistics	49.00%	51.00%	Combine under the same control
Hongxinglong	Shuangyashan	Shuangyashan	Construction of food base and development of related complementary facility		51.00%	Combine under the same control
Shuangyashan	Shuangyashan	Shuangyashan	Construction of food base and development of related complementary facility		51.00%	Combine under the same control
Shenliang Hongjun	Shenzhen	Shenzhen	Catering		51.00%	Establishment

Explanation on share-holding ratio in subsidiary different from ratio of voting right:

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

Major structured entity included in consolidates statement:

Basis of termination of agent or consignor: :

Other explanation:

2. Transaction that has owners equity shares changed in subsidiary but still with controlling rights

(1) Owners equity shares changed in subsidiary

During the reporting period, the 49.00% equity of Dongguan Logistics were acquired by the Company and became a wholly-owned subsidiary of the company.

(2) Impact on minority's interest and owners' equity attributable to parent company

In RMB/CNY

	Dongguan Logistics
Purchase cost/disposal consideration	321,680,000.00
--Cash	321,680,000.00
Purchase cost/total disposal consideration	321,680,000.00
Less: Subsidiary's share of net assets calculated based on the proportion of acquired/disposed equity	161,107,284.38
Difference	160,572,715.62
Including: Adjust the capital reserve	160,572,715.62

Other explanation

3. Equity in joint venture and associated enterprise

(1) Important joint venture or associated enterprise

Joint venture/Associated enterprise	Main place of operation	Registration place	Business nature	Share-holding ratio		Accounting treatment on investment for joint venture and associated enterprise
				Directly	Indirectly	
Zhuhai Hengxing Feed Industrial Co., Ltd.	Zhuhai	Zhuhai	Aquatic fee and animal fee		40.00%	Equity method
Shenliang Intelligent Wulian Equity Investment Fund (Shenzhen) Partnership Enterprise (Limited)	Shenzhen	Shenzhen	Equity investment; investment consultant		49.02%	Equity method

Description of the percentage of shareholding in joint ventures or associates different from the percentage of voting rights:

Has major influence with less 20% voting rights hold, or has minor influence with over 20% (20% included) voting rights hold:

(2) Main financial information of the important joint venture

In RMB/CNY

	Ending balance/Current period		Opening balance/Last period	
	Zhuhai Hengxing Feed Industrial Co., Ltd.	Shenliang Intelligent Wulian Equity Investment Fund (Shenzhen) Partnership Enterprise (Limited)	Zhuhai Hengxing Feed Industrial Co., Ltd.	Shenliang Intelligent Wulian Equity Investment Fund (Shenzhen) Partnership Enterprise (Limited)
Current assets	165,853,289.04	21,012,185.03	98,242,527.52	20,459,246.10
Non current assets	27,231,124.63	32,835,895.19	29,365,806.23	33,102,244.01
Total assets	193,084,413.67	53,848,080.22	127,608,333.75	53,561,490.11
Current liabilities	111,754,886.72	510,000.00	44,972,658.51	
Non current liabilities	491,358.69		537,345.69	
Total liabilities	112,246,245.41	510,000.00	45,510,004.20	
Shareholders' equity attributable to the parent company	80,838,168.26	53,338,080.22	82,098,329.55	53,561,490.11
Share of net assets calculated by shareholding ratio	32,335,267.30	26,146,326.93	32,839,331.82	26,255,842.45
Adjustment items	991,770.90	-174.47	162,707.80	-174.47
--Other	991,770.90	-174.47	162,707.80	-174.47
Book value of equity investment in associated enterprises	33,327,038.20	26,146,152.46	33,002,039.62	26,255,667.98
Operating revenue	342,054,335.50		259,095,047.79	
Net profit	1,430,282.78	-223,409.89	3,337,583.11	-352,638.57
Total comprehensive income	1,430,282.78	-223,409.89	3,337,583.11	-352,638.57

Other explanation

(3) Financial summary for non-important Joint venture and associated enterprise

In RMB/CNY

	Ending balance/Current period	Opening balance/Last period
Joint venture:	--	--
Amount based on share-holding ratio	--	--

Associated enterprise:	--	--
Total book value of investment	14,182,136.85	13,957,440.24
Amount based on share-holding ratio	--	--
--Net profit	224,696.61	415,495.06
--Total comprehensive income	224,696.61	415,495.06

Other explanation

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

In RMB/CNY

Joint venture/Associated enterprise	Cumulative un-recognized losses	Un-recognized losses not recognized in the Period (or net profit enjoyed in the Period)	Cumulative un-recognized losses at period-end
Changzhou Shenbao Chacang E-business Co., Ltd.	8,742,655.05	165,079.10	8,907,734.15
Shenzhen Shichumingmen Catering Management Co., Ltd.	4,815,325.70		4,815,325.70

Other explanation

4. Other

Nil

X. Disclosure of risks relating to financial instruments

Our business operation makes the Company exposed to various financial risks: credit risk, liquidity risk and market risk (mainly refers to exchange rate risk and interest risk). The general risk management policy of the Company is to minimize potential negative effects on our financial performance in view of the unforeseeable financial market.

1. Credit risk

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

The credit risk mainly arises from monetary funds, account receivable and other account receivable so on. The management has established adequate credit policies and continues to monitor exposure of these credit risks.

The monetary funds held by the Company are mainly deposited in state-controlled banks and other large and medium-sized commercial banks and other financial institutions. The management believes that these commercial banks have high reputation and asset status and have no major credit risk, and won't create any major losses caused by the breach of contract of the opposite side.

For account receivables and other account receivables, the Company establishes relevant policies to control exposure of credit risk. The Company appraises customers' credit quality based on their financial position, possibility to obtain guarantee from third parties, credit history and other factors such as prevailing market conditions, and set corresponding credit terms. Customers' credit history would be regularly monitored by the Company. For those customers who have bad credit history, the Company will call collection in written form, shorten credit term or cancel credit term to ensure its overall credit risk is under control.

As of 30 June 2021, the account receivable from top five customers accounted for 77.02% of the Company's total account receivable.

The maximum credit risk exposure equals to the carrying value of each financial asset in balance sheet (including derivative financial instrument). The Company has not provided any guarantee which would otherwise make the Company exposed to credit risk except for the financial guarantee carried in Note "X. Related party and related transaction"

2. Liquidity risk

Liquidity risk refers to the risk that a company will run short of funds to meet its obligations settled by delivering cash or other financial assets.

The finance department continues to monitor capital requirement for short and long term, to ensure adequate cash reserve. In addition, it continues to monitor whether borrowing agreement is complied with, and seeks for commitment from major financial institutions for provision of sufficient back-up fund, so as to satisfy capital requirement in a short and long term.

3. Market risk

The market risk of financial instruments refers to the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices, including exchange rate risk, interest rate risk and other price risks.

(1) Interest risk

Interest rate risk refers to the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market interest rates. The Company determines the relative proportions of fixed interest rate and floating interest rate contracts based on the prevailing market environment.

The financial department of the Company continuously monitors the interest rate of the Company. The rise in interest rates will increase the cost of new interest-bearing debts and the interest expense of the Company's unpaid interest-bearing debts with floating interest rates, management will make timely adjustments based on the latest market conditions.

(2) Exchange rate risk

Exchange rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates.

The major operation of the Company is located in the PRC, and its major operation is settled in Renminbi. However, there is also exchange risk in respect of the recognized foreign currency assets and liabilities and future foreign currency transactions which are mainly denominated in US dollar. Our finance department is responsible for monitoring scale of foreign currency assets and liabilities and foreign currency transactions, to minimize its exposure to exchange risks. In reporting period, the Company did not sign forward exchange contract or monetary exchange contract.

The foreign exchange risk faced by the company mainly comes from financial assets and financial liabilities denominated in US dollars. For the amount of foreign currency financial assets and foreign currency financial liabilities converted into RMB, please refer to Note (57) Foreign Currency Monetary Items of VII. Consolidated Financial Statement.

(3) Other price risk

Other price risk refers to the risk that the fair value or future cash flow of financial instruments will fluctuate due to changes in market prices other than exchange rate risk and interest rate risk.

The Company purchases and sells products at market prices, therefore it is affected by fluctuation of these prices.

XI. Disclosure of fair value

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

In RMB/CNY

Item	Ending fair value			
	First-order	Second-order	Third-order	Total
I. Sustaining measured by fair value	--	--	--	--
1. Financial assets measured by fair value and with variation reckoned into current gains/losses	910,778.83			910,778.83
(2) Equity instrument investment	910,778.83			910,778.83
Other non-current financial assets			57,500.00	57,500.00
II. Non-persistent measure	--	--	--	--

2. Other

Nil

XII. Related party and related transactions

1. Parent company

Parent company	Registration place	Business nature	Registered capital	Ratio of shareholding on the Company	Ratio of voting right on the Company
Shenzhen Food Materials Group Co., Ltd	Shenzhen	Investing in industry, development, operation and management of the own property	5000 million Yuan	63.79%	63.79%

Explanation on parent company of the enterprise

Ultimate controller of the Company is Shenzhen Municipal People's Government State-owned Assets Supervision & Administration Commission

Ultimate controller of the Enterprise is Shenzhen Municipal People's Government State-owned Assets Supervision & Administration Commission.

Other explanation:

2. Subsidiary

Subsidiary of the Company found more in Note "1. Equity in subsidiaries" of Note IX-Equity in other entity

3. Joint venture and associated enterprise

Joint Venture of the Company found more in Note "3. Equity in joint arrangement or joint venture" of Note IX-Equity in other entity

Other cooperative enterprise and joint venture that have related transaction with the Company in the Period or occurred in previous period:

Joint venture/Associated enterprise	Relationship with the Enterprise
-------------------------------------	----------------------------------

Other explanation

4. Other related party

Other related party	Relationship with the Enterprise
Shenzhen Agricultural Products Group Co., Ltd	Shareholder of the Company, subsidiary of the actual controller, controlled by the same ultimate controlling party

Zhanjiang Haitian Aquatic Feed Co., Ltd	Subsidiary of the actual controller, Controlled by the same ultimate controlling party
Dongguan Fruit Vegetable Non-staple Food Trading Market Co., Ltd.	Minority shareholder of controlling subsidiary
Taizhong Agricultural Co., Ltd	Subsidiary of the actual controller, Controlled by the same ultimate controlling party
Shenzhen Investment Holdings Co., Ltd.	Former shareholder of the Company, Controlled by the same ultimate controlling party
Shenzhen Investment Management Co., Ltd	Former shareholder of the Company, Controlled by the same ultimate controlling party
Fujian Wuyishan Yuxing Tea Co., Ltd	Minority shareholder of former controlling subsidiary
Shenzhen Fruits and Vegetables Trading Co., Ltd	Wholly-owned subsidiary of Shenzhen Agricultural Products Group Co., Ltd
Shenzhen Higreen International Agricultural Products Logistic Management Co., Ltd	Controlling subsidiary of Shenzhen Agricultural Products Group Co., Ltd
Zhanjiang Changshan (Shenzhen) Ecological Aquaculture Co., Ltd	Has the same parent company
Shenzhen Shenliang Cold Transport Co., Ltd.	Holding subsidiary of the company's associated enterprise
Shenzhen Yixin Investment Co., Ltd	Former shareholder of Shenzhen Agricultural Products Group Co., Ltd, Controlled by the same ultimate controlling party
Guangxi Higreen Agricultural Products International Logistics Co., Ltd.	Wholly-owned subsidiary of Shenzhen Agricultural Products Group Co., Ltd
Guangxi Higreen Business Management Co., Ltd.	Controlling subsidiary of Shenzhen Agricultural Products Group Co., Ltd
Shenzhen Qianhai Nongmai World E-Commerce Co., Ltd	Controlling subsidiary of Shenzhen Agricultural Products Group Co., Ltd
Shenzhen Shennong Kitchen Co., Ltd	Wholly-owned subsidiary of Shenzhen Agricultural Products Group Co., Ltd

Other explanation

5. Related transaction

(1) Goods purchasing, labor service providing and receiving

Goods purchasing/labor service receiving

In RMB/CNY

Related party	Related transaction content	Current Period	Approved transaction limit	Whether more than the transaction limit (Y/N)	Last Period
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Shenzhen Shenliang Cold Transport Co., Ltd.	Warehousing Services/Transportation services	25,982.95			178,503.88
Shenzhen Shenyuan Data Technology Co., Ltd.	Information software development	18,675,417.45			5,290,531.23
Shenzhen Food Materials Group Co., Ltd	Asset management	20,809.52			

Goods sold/labor service providing

In RMB/CNY

Related party	Related transaction content	Current period	Last period
Shenzhen Duoxi Equity Investment Fund Management Co., Ltd.	Grain and oil sales/Cleaning services fee	11,320.74	
Shenzhen Agricultural Products Group Co., Ltd	Grain and oil sales		52,800.00
Shenzhen Shenliang Cold Transport Co., Ltd.	Grain and oil sales/Warehousing Services	125,643.48	
Shenzhen Shennong Kitchen Co., Ltd	Grain and oil sales	251,262.00	
Shenzhen Food Materials Group Co., Ltd	Asset management	62,894.66	

Explanation on goods purchasing, labor service providing and receiving

(2) Related lease

As a lessor for the Company:

In RMB/CNY

Lessee	Assets type	Lease income recognized in the Period	Lease income recognized last Period
Shenzhen Shichumingmen Catering Management Co., Ltd.	Operating site		580,466.28

As lessee:

In RMB/CNY

Lessor	Assets type	Lease income recognized in the Period	Lease income recognized last Period
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Shenzhen Food Materials Group Co., Ltd	Office space		268,542.85
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Explanation on related lease

(3) Related guarantee

As guarantor

In RMB/CNY

Secured party	Guarantee amount	Guarantee start date	Guarantee expiry date	Whether the guarantee has been fulfilled
Changzhou Shenbao Chacang E-business Co., Ltd.	5,000,000.00	December 20, 2011		No

As secured party

In RMB/CNY

Guarantor	Guarantee amount	Guarantee start date	Guarantee expiry date	Whether the guarantee has been fulfilled
Dongguan Fruit Vegetable Non-Staple Food Trading Market Co., Ltd.	28,031,499.73	December 27, 2016	December 26, 2021	No
Dongguan Fruit Vegetable Non-Staple Food Trading Market Co., Ltd.	299,915,049.97	July 27, 2018	August 29, 2032	No
Dongguan Fruit Vegetable Non-Staple Food Trading Market Co., Ltd.	18,587,157.80	October 20, 2020	October 19, 2034	No
Dongguan Fruit Vegetable Non-Staple Food Trading Market Co., Ltd.	40,369,672.45	May 9, 2019	May 8, 2027	No

Explanation on related guarantee

6. Receivable and payable of related party

(1) Receivable item

In RMB/CNY

Item Name	Related party	Ending balance	Opening balance
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		Book balance	Bad debt provision	Book balance	Bad debt provision
Account receivable					
	Shenzhen Shenliang Cold Transport Co., Ltd.	164,402.16	7,029.57	113,286.17	7,029.57
	Shenzhen Shennong Kitchen Co., Ltd	23,082.00	636.72	63,672.00	636.72
	Shenzhen Duoxi Equity Investment Fund Management Co., Ltd.			8,701.00	87.01
	Shenzhen Qianhai Nongmai World E-Commerce Co., Ltd			38,259.42	382.59
	Shenzhen Food Materials Group Co., Ltd	87,524.34	7,408.78	740,878.31	7,408.78
	Shenzhen Agricultural Products Group Co., Ltd	2,328.00	25.98	2,598.00	25.98
Other account receivable					
	Shenzhen Shenliang Cold Transport Co., Ltd.	578.00	5.78	578.00	5.78
	Shenzhen Higuren International Agricultural Products Logistic Management Co., Ltd	50,000.00		50,000.00	
	Zhanjiang Changshan (Shenzhen) Ecological Aquaculture Co., Ltd	5,520.00	5,520.00	5,520.00	5,520.00

	Shenzhen Shenyuan Data Technology Co., Ltd.	1,000,377.35	10,003.77	8,972,895.54	89,728.96
	Changzhou Shenbao Chacang E-business Co., Ltd.	24,384,884.84	21,963,786.56	24,494,677.07	22,007,578.79
	Shenzhen Shichumingmen Catering Management Co., Ltd.	2,092,197.67	581,383.34	2,092,197.67	581,383.34
	Shenzhen Investment Holdings Co., Ltd.	415,644.52		415,644.52	

(2) Payable item

In RMB/CNY

Item Name	Related party	Ending book balance	Opening book balance
Dividend payable			
	Shenzhen Investment Management Co., Ltd	2,690,970.14	2,690,970.14
Other account payable			
	Shenzhen Shenliang Cold Transport Co., Ltd.	2,790.00	2,790.00
	Shenzhen Food Materials Group Co., Ltd	146,234,653.72	146,520,998.86
	Zhanjiang Changshan (Shenzhen) Ecological Aquaculture Co., Ltd	8,020,367.87	8,009,954.17
	Shenzhen Duoxi Equity Investment Fund Management Co., Ltd.	41,486.00	41,486.00
	Shenzhen Shichumingmen Catering Management Co., Ltd.	184,275.00	184,275.00
	Shenzhen Investment Management Co., Ltd	3,510,297.20	3,510,297.20

Account received in advance			
	Shenzhen Shenliang Cold Transport Co., Ltd.		210.00

7. Other

Nil

XIII. Commitment or contingency

1. Important commitments

Important commitments on balance sheet date

The Company has no important commitments that need to disclosed up to 30 June 2021.

2. Contingency

(1) Contingency on balance sheet date

1. Lawsuits

(1) Contract disputes between Hualian Grain and Oil and Zhuhai Huabi

For the contract disputes between the plaintiff, Shenzhen Hualian Grain and Oil Trading Co., Ltd. (hereinafter referred to as "Hualian Grain and Oil"), and the defendant, Zhuhai Doumen Huabi Trading Co., Ltd. (hereinafter referred to as "Zhuhai Huabi"), the People's Court of Luohu District in Shenzhen made a first-instance judgment that took effect in 2007: 1) The defendant should repay the plaintiff payment for goods of 2,396,300 yuan; 2) The defendant should pay the plaintiff liquidated damages of 239,600 yuan; 3) Court acceptance fee of 33,200 yuan should be borne by the defendant.

In 2005, Zhuhai Huabi stopped production and its legal representative was arrested by the public security organs. It was found that Zhuhai Huabi had been cancelled.

As of June 30, 2021, Hualian Grain and Oil has set aside 100.00% of bad debt reserves for the receivables of 2,396,300 yuan from Zhuhai Huabi.

(2) Contract disputes between Hualian Grain & Oil and Huaxing Feed Factory

In August and October 2007, Shenzhen Hualian Grain and Oil Trading Co., Ltd. (Hereinafter referred to as "Hualian Grain and Oil") sold products to Foshan Shunde Huaxing Feed Factory and received commercial acceptance bills totaling 2,958,600 yuan. Due to the company's failure to repay the overdue payment, Hualian Grain & Oil filed a lawsuit with the Shunde District People's Court of Foshan City on October 29, 2007, requesting Foshan Shunde Huaxing Feed Factory to repay the payment and pay the corresponding interest. From June to July 2011, a total of 1,638,900 yuan of the company's bankruptcy assets was recovered. As of 30 June

2021, Hualian Grain & Oil had a receivable payment of 1,319,700 yuan from Foshan Shunde Huaxing Feed Factory. This amount has been withdrawn bad debt reserves by 100.00%.

(3) Mung bean business disputes between SZCG and Shengda Company

The agency contract disputes between the plaintiff, Shenzhen Cereals Group Co., Ltd. (hereinafter referred to as "SZCG") and the defendant, Jilin Tongyu County Shengda Company (hereinafter referred to as "Shengda Company") was filed and accepted by the People's Court of Futian District, Shenzhen City on August 26, 2010. After mediation, both parties voluntarily reached a mediation agreement: 1) It is confirmed that the defendant Shengda Company still owes the plaintiff SZCG the repurchase amount of 7.492 million yuan and the interest of the repurchase amount of 2.8 million yuan before September 3, 2009. 2) The defendant Shengda Company shall pay the first payment of 1 million yuan to the plaintiff SZCG before October 30, 2010, and pay 1 million yuan before the end of each month from November 2010 to March 2011, and pay 492,000 yuan before the end of April 2011, totaling 6,492,000 yuan. 3) If the defendant Shengda Company can pay the above amount in full on time, there is no need to pay the remaining principal of 1 million yuan and the interest of 2.8 million yuan; If any of the above payments is not paid in full on time, the plaintiff may apply to the court for enforcement of all the claims listed in Item 1 above.

After the mediation agreement takes effect, Shengda Company has not fully fulfilled the repayment obligations, and SZCG has applied for compulsory execution. As of June 30, 2021, the accounts receivables were 5,602,500 yuan, and the execution of the remaining payments was highly uncertain, SZCG has set aside the bad debt reserves of 5,602,500 yuan in full for the payments.

(4) Disputes over loan contract among Changzhou Shenbao Tea-Shop, former Shenshenbao and Agricultural Products Guarantee

For the contract disputes among the plaintiff, Shenzhen Agricultural Products Financing Guarantee Co., Ltd. (hereinafter referred to as "Agricultural Products Guarantee"), and the defendants, Changzhou Shenbao Tea-Shop E-commerce Co., Ltd., (hereinafter referred to as "Changzhou Shenbao Tea-Shop") and Shenzhen Shenbao Industrial Co.,Ltd. (now renamed as Shenzhen Cereals Holdings Co.,Ltd., hereinafter referred to as "former Shenshenbao"), the first-instance court accepted the case in June 2016, and made a judgment in May 2017: 1) The defendant Changzhou Shenbao Tea-Shop shall repay the loan principal of 5 million yuan and the interest of 353,900 yuan and the interest penalty (the interest penalty shall be based on the principal of 5 million yuan and calculate at the annual standard of 21.6% from September 7, 2013 to the actual date of repayment, and for repayment by installment, the corresponding penalty interest shall be calculated until the date of each repayment) to the plaintiff, Agricultural Products Guarantee, within ten days from the effective date of this judgment. 2) The defendant, Changzhou Shenbao Tea-Shop, shall pay the attorney fee of 193,400 yuan to the plaintiff, Agricultural Products Guarantee, within ten days from the effective date of the judgment. 3) Other claims of the plaintiff, Agricultural Products Guarantee, are rejected. 4) The court acceptance fee is 73,600 yuan, of which 71,900 yuan will be borne by the defendant, Changzhou Shenbao Tea-Shop, and 1,700 yuan will be borne by the plaintiff; The preservation fee of 5,000 yuan shall be borne by the defendant, Changzhou Shenbao Tea-Shop.

On July 4, 2017, Agricultural Products Guarantee filed an appeal, and On April 26, 2019, Shenzhen Intermediate

People's Court made the final judgment: 1) The first and second judgment of the first instance is upheld; 2) Cancel the third judgment of the first instance; 3) Former Shenshenbao shall assume the joint and several liability for the debts of Changzhou Shenbao Tea-Shop within the range of 3.5 million yuan. Former Shenshenbao has the right to recover from Changzhou Shenbao Tea-Shop after the liquidation.

After the judgment second instance came into effect, Agricultural Products Guarantee communicated and negotiated with Changzhou Shenbao Tea-Shop and former Shenshenbao on how to execute the judgment. In May 2021, Agricultural Products Guarantee had applied to the first-instance Futian District Court for enforcement of 5,193,443 yuan. As of June 30, 2021, the Company has recognized liabilities of 3.5 million yuan.

(5) Contract disputes between the Company's subsidiaries, Shenbao Rock Tea, Jufangyong Holdings, and Jiuxing Company, Yuxing Company, Xingjiu Tea Co., Ltd., Chen Yuxing, Chen Guopeng

Due to the separation agreement disputes, on December 3, 2018, the arbitration applicants, Mount Wuyi Shenbao Rock Tea Co., Ltd. (hereinafter referred to as "Shenbao Rock Tea") and Hangzhou Jufangyong Holdings Co., Ltd. (hereinafter referred to as the "Jufangyong Holdings"), took Mount Wuyi Jiuxing Tea Co., Ltd. (hereinafter referred to as "Jiuxing Company"), Fujian Wuyishan Yuxing Tea Co., Ltd. (hereinafter referred to as "Yuxing Company"), Xingjiu Tea Co., Ltd., Chen Yuxing, and Chen Guopeng as five respondents according to the arbitration clause in the original Formal Agreement for the Separation of Fujian Province Mount Wuyi Shenbao Yuxing Tea Co., Ltd., and submitted to the Shenzhen International Court of Arbitration for arbitration, claimed to: 1) Rule that the respondent, Yijiu Company, shall pay 5,272,900 yuan and liquidated damages of 1,581,900 yuan to the applicant, Shenbao Rock Tea, totaling 6,854,800 yuan; 2) Rule that the respondents, Yuxing Company, Xingjiu Tea Co., Ltd., Chen Yuxing and Chen Guopeng shall assume joint and several liabilities for the above receivables and liquidated damages of the applicant, Shenbao Rock Tea; 3) Rule that the respondent Jiuxing Company shall pledge 19 designated trademarks to the applicant, Jufangyong Holdings, and cooperate with the relevant trademark pledge registration procedures; 4) Rule that all the respondents shall bear the lawyer fees of 190,000 yuan, the preservation fee and other expenses incurred by the arbitration (the applicant reserves the right to pursue the rest of the lawyer fees); 5) Rule that all the respondents shall bear all the arbitration fees of the case. On April 18, 2019, Shenzhen Court of International Arbitration held a hearing on the arbitration case. On May 26, 2021, Shenzhen Court of International Arbitration made the following rulings: 1. Jiuxing Company shall compensate Jufangyong Holding and Shenbao Rock Tea for the loss of receivables and liquidated damages of 4,798,369.95 yuan; 2. Yuxing Company, Xingjiu Tea Co., Ltd., Chen Yuxing and Chen Guopeng shall assume joint and several liabilities for the above payment obligations of Jiuxing Company; 3. The arbitration fee of 104,953 yuan shall be paid by the five respondents to the two applicants; 4. The expenses of 4000 yuan of the two arbitrators shall be paid directly by the five respondents to the two applicants. After the arbitration award comes into effect, the applicant has applied to the court for enforcement because the respondent refuses to repay. As of June 30, 2021, the Company has accumulatively set aside bad debt reserves of 4,469,500 yuan.

(6) Contract disputes between Hualian Grain and Oil and Liangshuntong Company

1) For the contract dispute case ([2019] Yue 0304 Min Chu No. 49562) between the plaintiff, Dalian Liangshuntong Supply Chain Management Co., Ltd. (hereinafter referred to as "Liangshuntong Company") and the defendant, Shenzhen Hualian Grain and Oil Trading Co., Ltd. (hereinafter referred to as "Hualian Grain and

Oil"), the People's Court of Futian District made a civil judgment of first instance on July 3, 2020 that: ① The plaintiff Liangshuntong Company should pay 595,800 yuan to Hualian Grain and Oil; ② Rejected Liangshuntong Company's litigation request; ③ Rejected other litigation requests of Hualian Grain and Oil; ④ The plaintiff Liangshuntong Company should pay in advance the litigation fee of 208,900 yuan, which should be assumed by the plaintiff, and the defendant Hualian Grain and Oil should pay in advance the counterclaim fee of 113,000 yuan, of which the plaintiff should assume 1,800 yuan, and the defendant should assume 111,200 yuan. The plaintiff Liangshuntong Company refused to accept the judgment of the first instance and appealed to the Shenzhen Intermediate People's Court. The second trial was held on July 29 after the Shenzhen Intermediate People's Court accepted the case on appeal, but the final judgment has yet to be received.

2) For the contract dispute case (Case No.[2020] Yue 0304 Min Chu No. 2824) between the plaintiff, Hualian Grain and Oil, and the defendant, Liangshuntong Company, the Futian District People's Court served the "Civil Judgment" of the first instance on December 31, 2020, which judged that: ① the defendant Liangshuntong Company shall pay Hualian Grain and Oil an advance fee of 461,900 yuan and capital cost of 4,030,000 yuan within ten days from the date when the judgment becomes legally effective; ② Liangshuntong Company shall pay the capital occupation fee to Hualian Grain and Oil within ten days from the date when the judgment becomes legally effective (Based on 461,900 yuan, calculate from December 11, 2019 to the date when the payment is actually paid at the annual interest rate of 10.00%); ③ The litigation fee of 42,700 yuan shall be borne by Liangshuntong Company. Liangshuntong Company submitted an appeal to the Shenzhen Intermediate People's Court on January 22, 2021. So far, no notice of the second trial has been received.

(7) Disputes over construction contract between Hongxinglong and Zhishengda Company

In April 2020, Heilongjiang Zhishengda Construction Engineering Co., Ltd. (hereinafter referred to as "Zhishengda Company") sued Heilongjiang Hongxinglong Agricultural Reclamation Shenxin Grain Industrial Park Co., Ltd. (hereinafter referred to as "Hongxinglong") for construction contract disputes, request the Heilongjiang Hongxinglong People's Court that: 1) Confirm that the "Letter on Rectification of Completed Projects and Cancellation of Not Constructed Projects" sent by Hongxinglong on April 7, 2020 does not have the effect of canceling the contract, the cancellation of the contract made by it is invalid, and judge that the defendant Hongxinglong should continue to perform the contract (the project cost required to perform the contract is 5,137,800 yuan). 2) The litigation fee and other legal costs should be assumed by Hongxinglong.

On July 29, 2020, Hongxinglong filed a counterclaim with the court of first instance with the following appeals: 1) Request the court to confirm the validity of the cancellation of the construction contract between Hongxinglong and Zhishengda Company in accordance with the law. 2) Request the court to rule that the Zhishengda should pay Hongxinglong liquidated damages of 1,003,200 yuan, of which liquidated damages for overdue completion of the project of 253,200 yuan, repair costs for unqualified project quality of about 240,000 yuan (the specific amount is to be determined by a third party), liquidated damages for project manager's absence from the construction site without permission of 500,000 yuan, liquidated damages for the migrant worker's collective petitions of 10,000 yuan. 3) The counterclaim fee and appraisal fee shall be borne by Zhishengda. At present, all parties involved in the case have filed applications for judicial appraisal to the court of first instance, and the case has not yet been heard.

(8) Contract dispute case between Jufangyong Commercial and Trading and Xingfu Feixiang Company

In July 2020, Hangzhou Jufangyong Commercial and Trading Co., Ltd. (hereinafter referred to as "Jufangyong Commercial and Trading") sued Hangzhou Xingfu Feixiang Commercial and Trading Co., Ltd. (hereinafter referred to as "Xingfu Feixiang") due to contract dispute, requested Xiaoshan Primary People's Court, Hangzhou, Zhejiang, 1) Order the defendant Xingfu Feixiang to pay a total of 2,454,700 yuan for the cooperation royalties and water and electricity charges; 2) Order the defendant to pay cooperation fee of 699,700 yuan and water and electricity charges (according to the actual amount incurred) to the western restaurant from July 1, 2019 to September 10, 2019; 3) Order the defendant to pay liquidated damages of 515,300 yuan; 4) Order the defendant to pay liquidated damages (with 3,154,400 yuan as the base and the monthly interest rate of 2% from April 16, 2020 to the date of paying off); 5) Order that the litigation costs should be borne by the defendant.

Since Xingfu Feixiang applied for bankruptcy and the court has accepted the appointment of administrator, the court of first instance ruled to suspend the trial in August 2020, and Jufangyong Commercial and Trading has filed claims with the bankruptcy administrator. The bankruptcy administrator of Xingfu Feixiang, namely Shanghai City Development (Hangzhou) Law Firm, is in the process of checking the assets, and there is no property distribution plan yet.

On December 23, 2020, Xiaoshan Court resumed the trial of this case, and the bankruptcy administrator issued the confirmation of debt, confirming the debt principal of 2,422,000 yuan and the interest of 166,000 yuan, a total of 2,588,000 yuan. So far, no judgment has been made.

(9) Contract dispute case between Big Kitchen Ltd and Tianjin Rongyi Company

On April 27, 2021, Shenzhen Shenliang Big Kitchen Food Supply Chain Co., Ltd. (hereinafter referred to as "Big Kitchen Ltd") received a summons from Shanghai Huangpu District People's Court, Tianjin Rongyi Supply Chain Management Co., Ltd. (hereinafter referred to as "Tianjin Rongyi Company") sued and required Big Kitchen Ltd to deliver 10,400 tons of rice (with the value of 41.6 million yuan), pay penalty of 4,784,000 yuan, issue an invoice of 100,000 yuan, bear lawyer's fee of 300,000 yuan, and bear litigation costs of this case.

On May 27, 2021, the case was held in Shanghai Huangpu District People's Court, and the court required both parties to provide supplementary evidence. On May 30, Big Kitchen Ltd submitted the Application for Judicial Appraisal of Seal, applying for judicial appraisal of the seal of Big Kitchen Ltd on the relevant evidence submitted by Tianjin Rongyi Company. At present, the court has designated institutions to for judicial appraisal of the seal, up to now, it is still waiting for the second session.

(10) Disputes over construction subcontract between Dongguan Logistics and Xu Anwu

On March 17, 2021, the plaintiff, Xu Anwu, filed a lawsuit against the defendants, Dongguan Shenliang Logistics Co., Ltd. (hereinafter referred to as "Dongguan Logistics"), Guangdong Dianbai Construction Engineering Corporation, Gansu Installation Construction Group Co., Ltd., and Xu Jianqiang, to the First People's Court of Dongguan, claiming that: 1. The four defendants immediately pay the project payment of 10,445,000 yuan to the plaintiff; 2. The legal costs of this case shall be borne by the four defendants. The case has been held on June 4, and Dongguan Logistics has entrusted lawyers to appear in court for defence. So far, no judgment has been made.

11) Disputes over private lending between Shenshenbao Tea Culture and Shi Chu Ming Men

In May 2021, Shenshenbao Tea Culture Commercial Management Co., Ltd. (hereinafter referred to as

"Shenshenbao Tea Culture") filed a lawsuit against the defendant, Shenzhen Shi Chu Ming Men Catering Management Co., Ltd. (hereinafter referred to as "Shi Chu Ming Men"), on the basis of the disputes over the private lending contract, requesting the People's Court of Nanshan District of Shenzhen to: 1. Order the defendant Shi Chu Ming Men to return the loan principal of 1,183,000 yuan to the plaintiff Shenshenbao Tea Culture; 2. Order Shi Chu Ming Men to pay the interest on borrowing to Shenshenbao Tea Culture (the interest is piecewise calculated by: A. Taking the borrowing principal of 500,000 yuan as the base, the interest is calculated according to the annual bank loan interest rate of the People's Bank of China for the same period is 78,179.17 yuan from February 2, 2016 to August 19, 2019; B. Taking the borrowing principal of 333,000 yuan as the base, the interest is calculated according to the annual bank loan interest rate of the People's Bank of China for the same period is 70,022.92 yuan from June 16, 2016 to August 19, 2019; C. Taking the borrowing principal of 200,000 yuan as the base, the interest is calculated according to the annual bank loan interest rate of the People's Bank of China for the same period is 67,425.00 yuan from July 19, 2016 to August 19, 2019; D. Taking the borrowing principal of 150,000 yuan as the base, the interest is calculated according to the annual bank loan interest rate of the People's Bank of China for the same period is 64,887.50 yuan from September 9, 2016 to August 19, 2019; E. Taking the borrowing principal of 1,183,000 yuan as the base, the interest is calculated based on the loan prime rate (LPR) that the People's Bank of China authorizes the National Interbank Funding Center to publish from August 20, 2019 to the date of actual repayment. The total provisional interest is 171,250.68 yuan; 3. The legal costs of this case shall be borne by the defendant, Shi Chu Ming Men. (The total principal and provisional interest of the above borrowings is 1,354,250.68 yuan)

People's Court of Nanshan District of Shenzhen has accepted the case, so far no date has been set for session.

2. Guarantee

(1) Subsidiary of the Company -SZCG provide a guarantee to its subsidiary -Dongguan Logistics
SZCG provide a guarantee to Dongguan Logistics for the application of loans, amount of guarantee is 547.7159 million yuan. As of the report date, the loan is not yet due for repayment.

(2) Associated guarantees and restricted assets

For restricted assets, see Note VII. 56 Assets with restricted ownership or use rights, and for related guarantees, see Note 12, 5 Related Party Transactions.

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

The Company has no important contingency that need to disclose.

3. Other

Nil

XIV. Events after balance sheet date

1. Description of other balance sheet events after the date

As of the approval date of this financial report, the company has no major future events that need to be disclosed.

XV. Principal notes of financial statements of parent company

1.Account receivable

(1) Account receivable classify by category

In RMB/CNY

Category	Ending balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	
Account receivable with bad debt provision accrual on a single basis	28,453.08	0.01%	28,453.08	100.00%		28,453.08	0.69%	28,453.08	100.00%	
Including:										
Account receivable with single significant amount and withdrawal bad debt provision on single basis										
Account receivable with single minor amount but with bad debts provision accrued on a single basis	28,453.08	0.01%	28,453.08	100.00%		28,453.08	0.69%	28,453.08	100.00%	
Account receivable with bad debt provision accrual on portfolio	364,160,865.99	99.99%	10,537.22		364,150,328.77	4,098,218.40	99.31%	10,537.22	0.26%	4,087,681.18
Including:										
Combination of	125,51	0.03%	10,537.	8.39%	114,98	796,99	19.31%	10,537.	1.32%	786,459.

sales receivables	8.94		22		1.72	6.91		22		69
Specific object combinations	364,035,347.05	99.96%			364,035,347.05	3,301,221.49	80.00%			3,301,221.49
Total	364,189,319.07	100.00%	38,990.30	0.01%	364,150,328.77	4,126,671.48	100.00%	38,990.30	0.94%	4,087,681.18

Bad debt provision accrual on single basis:28,453.08

In RMB/CNY

Name	Ending balance			
	Book balance	Bad debt provision	Accrual ratio	Accrual causes
Other accrual on single basis	28,453.08	28,453.08	100.00%	Slightly possibly taken back
Total	28,453.08	28,453.08	--	--

Bad debt provision accrual on single basis:

In RMB/CNY

Name	Ending balance			
	Book balance	Bad debt provision	Accrual ratio	Accrual causes

Bad debt provision accrual on portfolio:10,537.22

In RMB/CNY

Name	Ending balance		
	Book balance	Bad debt provision	Accrual ratio
Combination of sales receivables	125,518.94	10,537.22	8.39%
Specific object combinations	364,035,347.05		
Total	364,160,865.99	10,537.22	--

Explanation on portfolio determines:

Bad debt provision accrual on portfolio:

In RMB/CNY

Name	Ending balance		
	Book balance	Bad debt provision	Accrual ratio

Explanation on portfolio determines:

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

Applicable Not applicable

By account age

In RMB/CNY

Account age	Ending balance
Within one year (including 1-year)	364,152,013.39
2-3 years	8,852.60
Over 3 years	28,453.08
Over 5 years	28,453.08
Total	364,189,319.07

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

Bad debt provision accrual in the period:

In RMB/CNY

Category	Opening balance	Amount changed in the period				Ending balance
		Accrual	Collected or reversal	Written off	Other	
Bad debt provision accrual on single basis	28,453.08					28,453.08
Sales receivable	10,537.22					10,537.22
Total	38,990.30					38,990.30

Including major amount bad debt provision that collected or reversal in the period: nil

In RMB/CNY

Enterprise	Amount collected or reversal	Collection way

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

In RMB/CNY

Enterprise	Ending balance of accounts receivable	Proportion in total receivables at ending balance	Bad debt preparation ending balance
First	364,035,347.05	99.94%	
Second	66,668.34	0.02%	
Third	25,574.00	0.01%	
Fourth	24,424.00	0.01%	244.24
Fifth	18,456.50	0.01%	18,456.50
Total	364,170,469.89	99.99%	

2. Other account receivable

In RMB/CNY

Item	Ending balance	Opening balance
Dividend receivable	390,000,000.00	390,000,000.00
Other account receivable	434,833,488.88	502,105,968.23
Total	824,833,488.88	892,105,968.23

(1) Dividend receivable

1) Category of dividend receivable

In RMB/CNY

Item (or the invested entity)	Ending balance	Opening balance
SZCG	390,000,000.00	390,000,000.00
Total	390,000,000.00	390,000,000.00

2) Important dividend receivable with account age over one year

In RMB/CNY

Item (or the invested entity)	Ending balance	Account age	Reasons for not collection	Whether impairment occurs and its judgment basis
SZCG	390,000,000.00	1-2 years	Not yet settled	No, internal unit payments
Total	390,000,000.00	--	--	--

(2) Other account receivable

1) Other account receivable classify by nature

In RMB/CNY

Nature	Ending book balance	Opening book balance
Margin and deposit	233,029.39	73,975.47
Current payments and others	462,266,131.58	529,477,457.08
Total	462,499,160.97	529,551,432.55

2) Accrual of bad debt provision

In RMB/CNY

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance on Jan. 1, 2021	258,262.82		27,187,201.50	27,445,464.32
Balance of Jan. 1, 2021 in the period	—	—	—	—
Current accrual			220,207.77	220,207.77
Balance on Jun. 30, 2021	258,262.82		27,407,409.27	27,665,672.09

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

Applicable Not applicable

By account age

In RMB/CNY

Account age	Ending balance
Within one year (including 1-year)	431,691,818.12
2-3 years	5,749,601.83
Over 3 years	25,057,741.02
3-4 years	436,664.33
4-5 years	436,664.33
Over 5 years	24,184,412.36
Total	462,499,160.97

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

Bad debt provision accrual in the period:

In RMB/CNY

Category	Opening balance	Amount changed in the period				Ending balance
		Accrual	Collected or reversal	Written off	Other	
Bad debt provision accrual on single basis	27,187,201.50	220,207.77				27,407,409.27
Bad debt provision	258,262.82					258,262.82

accrual on portfolio						
Total	27,445,464.32	220,207.77				27,665,672.09

Including major amount with bad debt provision reverse or collected in the period: nil

In RMB/CNY

Enterprise	Amount reversal or collected	Collection way
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4) Top 5 other receivables at ending balance by arrears party

In RMB/CNY

Enterprise	Nature	Ending balance	Account age	Ratio in total ending balance of other account receivables	Bad debt preparation ending balance
First	Internal funds	166,151,922.89	Within one year	35.92%	
Second	Internal funds	121,559,181.62	Within one year	26.28%	
Three	Internal funds	116,516,793.43	Within one year	25.19%	
Fourth	Intercourse funds	24,384,884.84	Over 5 years	5.27%	21,963,786.56
Fifth	Internal funds	14,441,831.94	Within one year	3.12%	
Total	--	443,054,614.72	--	95.80%	21,963,786.56

3. Long-term equity investment

In RMB/CNY

Item	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investment for subsidiary	4,034,894,425.09	5,500,000.00	4,029,394,425.09	3,713,214,425.09	5,500,000.00	3,707,714,425.09
Investment for associates and joint venture	2,927,628.53	2,927,628.53		2,927,628.53	2,927,628.53	
Total	4,037,822,053.62	8,427,628.53	4,029,394,425.09	3,716,142,053.62	8,427,628.53	3,707,714,425.09

(1) Investment for subsidiary

In RMB/CNY

The invested	Opening	Current changes (+, -)	Ending	Ending
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entity	balance (book value)	Additional investment	Capital reduction	Accrual of impairment provision	Other	balance (book value)	balance of impairment provision
Shenbao Property	2,550,000.00					2,550,000.00	
Shenbao Industry & Trade	0.00					0.00	5,500,000.00
Shenliang Food	80,520,842.3 6					80,520,842.3 6	
Shenbao Huacheng	168,551,781. 80					168,551,781. 80	
Huizhou Shenbao	60,000,000.0 0					60,000,000.0 0	
Shenbao Technology	54,676,764.1 1					54,676,764.1 1	
Shenbao Investment	50,000,000.0 0					50,000,000.0 0	
SZCG	3,291,415.03 6.82					3,291,415.03 6.82	
Dongguan Logistics		321,680,000. 00				321,680,000. 00	
Total	3,707,714.42 5.09	321,680,000. 00				4,029,394.42 5.09	5,500,000.00

(2) Investment for associates and joint venture

In RMB/CNY

Investment company	Opening balance (book value)	Current changes (+, -)								Ending balance (book value)	Ending balance of impair ment provisi on
		Additional investm ent	Capital reducti on	Investm ent gains recogni zed under equity	Other compre hensive income adjustm ent	Other equity change	Cash dividen d or profit announ ced to issued	Accrual of impair ment provisi on	Other		
I. Joint venture											
II. Associated enterprise											
Shenzh en											57,628. 53

Shenba o (Liaoyu an) Industri al Compa ny											
Shenzh en Shenba o (Xinmi n) Foods Co., Ltd											2,870,0 00.00
Changz hou Shenba o Chacan g E-busin ess Co., Ltd.											
Subtota l											2,927,6 28.53
Total											2,927,6 28.53

(3) Other explanation

Nil

4. Operating revenue and operating cost

In RMB/CNY

Item	Current period		Last period	
	Revenue	Cost	Revenue	Cost
Main business	78,409,527.17	235,795.14	191,007.09	250,130.28
Total	78,409,527.17	235,795.14	191,007.09	250,130.28

Information relating to revenue:

In RMB/CNY

Category	Division 1	Division 2		Total
Including:				
Including:				
Including:				
Including:				
Including:				
Including:				
Including:				

Information relating to performance obligations:

Nil

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

The amount of income corresponding to the performance obligations that have been signed at the end of this reporting period but have not yet been fulfilled or have not done with fulfillment is 411.00 yuan, among them, 411.00 yuan of revenue is expected to be recognized in 2021, 0.00 yuan of revenue is expected to be recognized in 2022, and 0.00 yuan of revenue is expected to be recognized in 2023.

Other explanation:

5. Investment income

In RMB/CNY

Item	Current period	Last period
Long-term equity investment income measured by equity		-48,505.63
Investment income from disposal of long-term equity investment		2,337,075.95
Investment income during the period of tradable financial assets hold	116,111.11	50,729.15
Dividend	451,054.95	390,473,276.41
Total	567,166.06	392,812,575.88

6. Other

Nil

XVI. Supplementary information

1. Current non-recurring gains/losses

Applicable Not applicable

In RMB/CNY

Item	Amount	Note
Gains/losses from the disposal of non-current asset	4,753.12	
Governmental subsidy reckoned into current gains/losses (not including the subsidy enjoyed in quota or ration according to national standards, which are closely relevant to enterprise's business)	4,811,695.56	
Profit and loss of assets delegation on others' investment or management	3,061,191.63	
Gains and losses from change of fair values of held-for-transaction financial assets, derivative financial assets, held-for-transaction financial liability and derivative financial liability except for the effective hedge business related to normal business of the Company, and investment income from disposal of tradable financial assets, derivative financial assets, tradable financial liability, derivative financial liability and other debt investment.	288,972.32	
Other gains/losses items that conform to the definition of non-recurring gains/losses	1,529,279.86	
Less: impact on income tax	2,005,561.30	
Impact on minority interests	883,122.74	
Total	6,807,208.45	--

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

Applicable Not applicable

2. ROE and earnings per share

Profits during report period	Weighted average ROE	Earnings per share	
		Basic earnings per share (RMB/Share)	Diluted earnings per share (RMB/Share)
Net profits belong to common stock stockholders of the Company	5.17%	0.2116	0.2116
Net profits belong to common stock stockholders of the Company after deducting	5.02%	0.2057	0.2057

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

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

Applicable Not applicable

In RMB/CNY

	Net profit		Net assets	
	Current period	Last period	Ending balance	Opening balance
Chinese GAAP	243,846,874.76	210,738,686.12	4,448,099,108.10	4,595,331,999.76
Items and amount adjusted by IAS:				
Adjustment for other payable fund of stock market regulation			1,067,000.00	1,067,000.00
IAS	243,846,874.76	210,738,686.12	4,449,166,108.10	4,596,398,999.76

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

Applicable Not applicable

4. Other

Nil