



**京粮控股**  
JL Holdings

**HAINAN JINGLIANG HOLDINGS CO., LTD.**

**ANNUAL REPORT 2023**

**March 30, 2024**

# HAINAN JINGLIANG HOLDINGS CO., LTD.

## ANNUAL REPORT 2023

### Part I Important Notes

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

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

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

Independent auditor’s modified opinion:

Applicable  Not applicable

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

Applicable  Not applicable

Bonus issue from capital reserves

Applicable  Not applicable

The Board has approved a final dividend plan as follows: Based on the 726,950,251 Shares on 31 December 2023, a cash dividend for RMB0.71 (tax inclusive) per 10 Shares is to distributed to the shareholders, with no bonus issue from either profit or capital serves.

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

Applicable  Not applicable

### Part II Key Corporate Information

#### 1. Company Profile

Stock name	JLKG, JL-B	Stock code	000505、 200505
Stock exchange for stock listing	Shenzhen Stock Exchange		
Contact information	Board Secretary	Securities Representative	
Name	Guan Ying	Gao Deqiu	
Office address	8/F, Tower B, Capital Agricultural Science and Innovation Mansion, Building No.1, Community No.8 , Xinning Street, Daxing District, Beijing	8/F, Tower B, Capital Agricultural Science and Innovation Mansion, Building No.1, Community No.8 , Xinning Street, Daxing District, Beijing	
Fax	010-81219987	010-81219987	
Tel.	010-81219989	010-81219989	
E-mail address	guanying@bjjlkj.cn	gaodeqiu@bjjlkj.cn	

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

### (1) Company's main business

The Company is principally engaged in oils and oilseeds processing and trading, as well as food processing. With regard to oils processing and trading, the Company refines, bottles, markets, imports and exports raw oils upon initial pressing. As for oilseeds, the Company presses, refines, bottles, markets, imports and exports oilseeds such as sesame, soybean, corn germ, sunflower seeds and peanuts. Food processing mainly refers to R&D, production and sales of snack food and bakery products.

### (2) Company's main products

The oils and oilseeds processing business is primarily under the brands of “Gu Chuan”, “Lv Bao”, “Gu Bi”, “Huo Niao”, etc., with the main products being soybean oil, corn oil, sunflower seed oil, peanut oil, rapeseed oil, flaxseed oil, olive oil, sesame oil and paste etc. The food processing business is primarily under the brands of “Little Prince”, “MS Dong”, “Jianqiang de Tudouzai” and “Gu Chuan” etc., with the main products being potato chips, cakes and pastries and bread.

### (3) Emerging Trend in the Industry

The major industry category of the Company is manufacturing,- processing industry of agricultural and side-products according to Results of Industry Classification of Listed Companies(code: C13) , specifically, the industry belongs to is vegetable oil processing, while gross profit ration is relatively high for the food processing business. From the perspective of the vegetable oil processing industry, the minority oils such as sunflower seed oil, tea oil, corn oil and rice bran oil show rapid growth with the accelerated industrial integration and the increasing accumulation of differentiated competition. From the perspective of the food processing industry, there is great potential for industrial integration with the

diversified consumption demand and the constantly enriched product categories, while there is only a handful of major brands in the industry.

#### (4) The Position of the Company in the Industry

The Company has varieties of greater influence brands. Among them, “Gu Chuan” has been awarded the most influential brand in Beijing several times, ranked 307<sup>th</sup> overall among the 2023 Top 500 Chinese Most valuable Brands World Brand Lab, which brand values totaled 310.62 billion Yuan. . “Gu Bi” sesame oil has been awarded National Sesame Famous Oil Brand, silver award for Beijing International Catering and Food Expo, gold award for International Brand-name Product etc, with certain competition in the industry. “Gu Chuan”, “Lv Bao” and “Gu Bi” are time-honored brand in Beijing, “Little Prince” trademark and Zhejiang Little Prince products have been identified as famous trademark and famous products in Zhejiang province for many years, with strong competitive in potato chips bulk and individual packaging segment, top-ranked one in puffed food industry. “Gu Chuan” bread is one of the major supplies in north China region of Kentucky Fried Chicken, maintaining a certain industry position in Northern bakery market.

### 3. Major Accounting Data and Financial Indicators

#### (1) Key Accounting Data and Financial Indicators of the Past Three Years

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

Yes  No

Unit: RMB

	31 December 2023	31 December 2022	Change of 31 December 2023 over 31 December 2022 (%)	31 December 2021
Total assets	6,496,782,984.90	6,105,144,167.96	6.41%	6,046,600,058.90
Equity attributable to the listed company’s shareholders	3,167,503,541.44	3,061,661,435.05	3.46%	2,915,802,291.05
	2023	2022	2023-over-2022 change (%)	2021
Operating revenue	11,901,009,211.63	12,857,874,301.72	-7.44%	11,763,093,835.56
Net profit attributable to the listed company’s shareholders	102,348,088.85	141,411,141.28	-27.62%	204,459,771.08
Net profit attributable to the listed company’s shareholders before exceptional items	82,678,972.04	124,297,168.33	-33.48%	195,422,832.45

Net cash generated from/used in operating activities	109,486,954.74	-533,230,947.03	120.53%	632,240,056.44
Basic earnings per share (RMB/share)	0.14	0.19	-26.32%	0.28
Diluted earnings per share (RMB/share)	0.14	0.19	-26.32%	0.28
Weighted average return on equity (%)	3.29%	4.73%	-1.44%	7.27%

## (2) Key Financial Data by Quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Operating revenue	3,206,922,214.64	1,616,311,993.54	3,217,246,365.63	3,860,528,637.82
Net profit attributable to the listed company's shareholders	37,265,080.42	36,316,714.94	5,095,930.70	23,670,362.79
Net profit attributable to the listed company's shareholders before exceptional items	35,596,909.99	22,498,765.62	4,804,225.55	19,779,070.88
Net cash generated from/used in operating activities	-94,878,495.30	-42,471,050.49	306,204,203.22	-59,367,702.69

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

Yes  No

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

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

Unit: Share

Number of ordinary shareholders at the period-end	58,382	Number of ordinary shareholders at the month-end prior to the disclosure of this Report	58,010	Number of preferred shareholders with resumed voting rights at the period-end	0	Number of preferred shareholders with resumed voting rights at the month-end prior to the disclosure of this Report	0
<b>Top 10 shareholders(not including through refinancing)</b>							
Name of shareholder	Nature of shareholder	Shareholding percentage	Total shares held at the period-end	Restricted shares held	Shares in pledge, marked or frozen		
					Status	Status	

BEIJING GRAIN GROUP CO., LTD.	State-owned legal person	39.68%	288,439,561	0	Not applicable	0
BEIJING STATE-OWNED CAPITAL OPERATION AND MANAGEMENT COMPANY LIMITED	State-owned legal person	6.67%	48,510,460	0	Not applicable	0
WANG YUECHENG	Domestic natural person	5.43%	39,459,887	30,869,915	Not applicable	0
MEI JIANYING	Domestic natural person	0.36%	2,604,203	0	Not applicable	0
WANG ZHIQIANG	Domestic natural person	0.34%	2,507,123	0	Not applicable	0
LISHERYNZHAN MING	Domestic natural person	0.33%	2,407,700	0	Not applicable	0
CHEN TIANHUA	Domestic natural person	0.29%	2,101,100	0	Not applicable	0
TONG ZHENZHU	Domestic natural person	0.27%	1,970,000	0	Not applicable	0
ZHANG XIAOXIA	Domestic natural person	0.27%	1,949,250	0	Not applicable	0
WANG XIAOXING	Domestic natural person	0.23%	1,654,200	0	Not applicable	0
Related or acting-in-concert parties among the shareholders above	① Beijing State-Owned Capital Operation and Management Company Ltd. owns an indirect 100% share of Beijing Grain Group Co., Ltd., and Beijing Grain Group Co., Ltd. is the controlling shareholder of the Company (a 39.68% holding). ② Wang Yuecheng is a Deputy General Manager of the Company. Apart from that, the Company does not know whether there are any other related parties or acting-in-concert parties among the top 10 shareholders.					
Shareholders involved in securities margin trading (if any)	Shareholder Mei Jianying holds 2,604,203 shares in the Company through his account of collateral securities for margin trading in Huatai Securities Co., Ltd. Shareholder Chen Tianhua holds 2,093,500 shares in the Company through his account of collateral securities for margin trading in Founder Securities Co., Ltd. Shareholder Tong Zhenzhu holds 1,970,000 shares in the Company through his account of collateral securities for margin trading in China Merchants Securities Co.,Ltd.; Shareholder Wang Xiaoxing holds 1,654,200 shares in the Company through his account of collateral securities for margin trading in Soochow Securities Co., Ltd.					

Refinancing business participated by the shareholders of top 10

Applicable  Not applicable

Changes for the shareholders compared with last-term reporting period

Applicable  Not applicable

Unit: Share

Changes for the shareholders compared with last-term reporting period					
Name of the shareholders (full name)	New Shareholders/Withdrawing member in the reporting period	Shares of refinancing has not yet been returned at end period		Shares of shareholders' ordinary account, credit accounting holding and refinancing has not yet been returned at end period	
		Number of shares	Proportion of the total share capital	Number of shares	Proportion of the total share capital
TONG ZHENZHU	Addition	0	0.00%	1,970,000	0.27%
CHEN TING	Withdraw	0	0.00%	236,869	0.03%

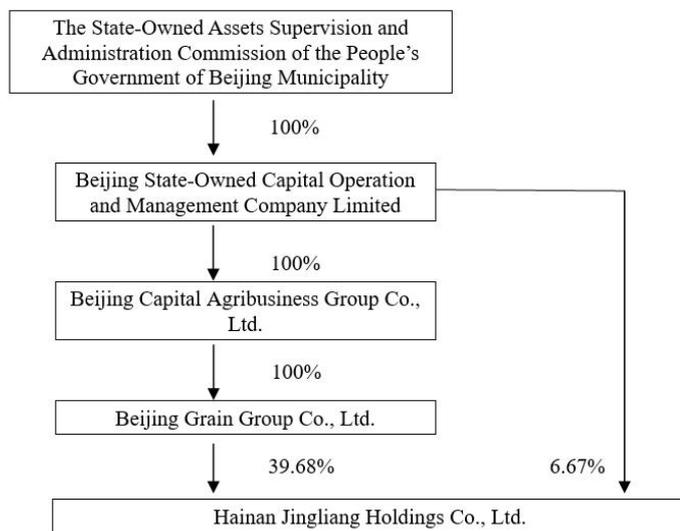
(2) Total Preferred Shareholders and Shareholdings of Top 10

Applicable  Not applicable

No preferred shareholders in the Reporting Period.

(3) Ownership and Control Relations between the Actual Controller and the Company disclosed as box

chart



5. Outstanding Bonds at the Date when the Report was Authorized for Issue

Applicable  Not applicable

(1) Basic information of Bond

Name of Bond	Abbreviation of Bonds	Bond code	Issue Date	Maturity Date	Bond Balance(in ten thousands Yuan)	Interest
Hainan Jingliang Holdings Co., Ltd 2023 public issuance of corporate bonds for qualified investors(1 <sup>st</sup> issue)	23Jingliang01	148434	21-22 Aug 2023	22 Aug 2026	30,000	2.88%
Interest payment of corporate bond in the reporting period		No				

## (2) Updated follow-up rating and changes of rating on corporate bonds

Corporate credit rating is AA+ in the reporting period.

## (3) Major data and financial indicators at the ending of the reporting period for the last two years

Unit: ten thousands Yuan

Item	2023	2022	Increase/decrease year on year
Asset-liability ratio	44.97%	43.28%	1.69%
Net profit after deducting non-recurring gains and losses	8,378.37	14,713.74	-43.06%
EBITDA's total debt ratio	18.20%	22.08%	-3.88%
Interest cover ratio	3.26	5.90	-44.73%

**Part III Significant Events**

No significant changes occurred to the Company's operations in the Reporting Period. For further information, see the full Annual Report 2023.

**Part IV Financial Report**

2023 Semi-Annual Financial Report is audited by Independent auditor.

# Auditor's Report

Tianyuanquan Certified Public Accountants [2024] Audit No 000468

All Shareholders of Hainan Jingliang Holdings Co., Ltd.:

## I Audit Opinion

We have audited the financial statements of Hainan Jingliang Holdings Co., Ltd. (hereinafter referred to as the "Jingliang Holdings"), which comprise the consolidated balance sheet and balance sheet of parent company as at December 31, 2023, consolidated income statement and income statement of parent company, consolidated statement cash flow statement and cash flow statement of parent company, consolidated statement of changes in shareholders' equity and statement of changes in shareholders' equity of parent company and notes to relevant financial statements in 2023.

In our opinion, the attached financial statements are prepared in accordance with Accounting Standards for Business Enterprises and Accounting System for Business Enterprises in all major aspects, and fairly reflect the Jingliang Holdings's consolidated and parent company's financial position as at December 31, 2023, as well as the consolidated and parent company's operation results and cash flows in 2023.

## II Basis of Forming Audit Opinions

We conducted the audit work in accordance with the regulations of Auditing Standards for Chinese Certified Public Accountant. "Responsibility of Certified Public Accountant for Auditing Financial Statements", the part of the audit report further elaborated our responsibilities under these standards. In accordance with the code of professional ethics for the Chinese Certified Public Accountants, we are independent of Jingliang Holdings and perform other responsibilities in the field of professional ethics. We believed that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## III Key Audit Matters

We considered that key audit matters are the most important items to audit the current financial statements according to our professional judgment. These matters shall be dealt with in the context of an audit and opinion of the financial statements as a whole and we do not comment on these matters in isolation. We identified the following items as key audit items to be communicated in the audit report.

### (I) Revenue confirmation

#### 1. Items Description

In 2023, as stated in the "Note V, (44)" of the financial statements of Jingliang Holdings, the operating income in the consolidated income statement of Jingliang holdings is RMB11,901,009,211.63, which is mainly generated from oil and oilseed trading, sales and trade, food production, processing and sales. The

occurrence and integrity of operating revenue have a significant impact on the operating results of Jingliang Holdings. Therefore, we determine the occurrence and integrity of operating revenue as key audit matters.

## **2 Audit Response**

The main audit procedures we performed are as follows:

- (1) Understanding and testing the whole process and relevant system of sales and collection cycle of Jingliang Holdings, and conducting controlling test on sales and collection cycle and evaluating the effectiveness of its design and operation;
- (2) Checking whether the accounting policies and specific methods of revenue confirmation of Jingliang Holdings and revenue confirmation timing conform to the requirements of the accounting standards for business enterprises;
- (3) Carrying out the analysis procedure for the operating income, analyzing the rationality of the change of the gross profit rate of Jingliang Holdings, comparing with the similar indicators in the previous period, and identifying and investigating the causes of abnormal fluctuations.
- (4) Take sampling method to check the contracts, invoices, delivery orders and other original documents related to revenue confirmation of Jingliang Holdings;
- (5) Checking the relevant contracts, invoices, issue order and other revenue recognition documents for the operating income recognized before and after the balance sheet date of Jingliang Holdings, executing the cut-off test procedure, and evaluating whether the sales income of Jingliang Holdings is recorded in the appropriate accounting period;
- (6) Performing confirmation procedures for accounts receivable and conducting substitution tests on unresponded samples.

### **(II) Goodwill Impairment Provision**

#### **1. Items Description**

As at December 31, 2023, as stated in "Note V. 18" of consolidated financial statement of Jingliang Holdings, the goodwill amount in the consolidated balance sheet of the company is RMB 191,394,422.51, which was generated from acquiring Zhejiang Little Prince Food Co., Ltd. (hereinafter referred to as the "Zhejiang Little Prince") in 2015. The management conducted impairment test on the mentioned goodwill according to the accounting policy of "Note III, (23)" of the financial statements of Jingliang Holdings, determined the recoverable amount of the asset group containing the goodwill based on the prediction of present value of the expected future cash flow on the basis of the continuous operation, and considered that provision for impairment of goodwill is not required.

The key parameters used in the impairment test of goodwill included expected revenue growth rate, pre-tax operating profit rate, and discount rate etc., which may involve significant accounting estimation and

judgment. The management face the risk of preference when selecting assumptions and estimations. Therefore, we determined the impairment provision of goodwill as a key audit matter.

## **2. Audit Response**

The main audit procedures we performed are as follows:

- (1) Understanding and evaluating the design of internal control related to the goodwill impairment test and effectiveness of key control execution, which includes the adopted key assumptions and parameters and the relevant internal control;
- (2) Evaluating the appropriateness of the goodwill impairment test method adopted by the management. We evaluate the rationality of the main assessment assumptions and the key parameters used in the goodwill impairment test, such as the expected income, growth rate, pre-tax operating profit rate, and discount rate through analyzing of the main economic indicators of past years, interviewing with the management, considering the market development, and comparing the industry or market data.
- (3) Testing the accuracy of the calculation process of goodwill impairment test;
- (4) Evaluating the accuracy of the prediction of the realized annual data. For example, comparing the expected future cash flow of the previous year or acquisition time with the actual business performance in the current year and considering any management bias that exist in the process of goodwill impairment test that conducted by management.
- (5) For the goodwill impairment test report prepared by the third-party experts employed by the audited unit, in addition to the audit procedures (1) to (4) above, the audit team also evaluates the competency, professional quality and objectivity of the third-party experts and records the evaluation results in the audit draft, which includes obtaining the professional qualification of the third-party experts, such as having the securities period We have evaluated the accuracy of the forecast data for the year of realization, such as business license of an appraisal institution with securities and futures qualification and the qualification certificate of the asset appraiser, etc.

## **IV Other Information**

The management of Jingliang Holdings (hereinafter referred to as management) was responsible for other information, which includes information covered in Jingliang Holdings 2023 annual report, but not the financial statements and our audit report.

Our audit opinions on the financial statements didn't cover other information, and we do not publish any form of assurance conclusion of other information.

In combination with our audit of the financial statements, our responsibility is to read other information and consider any material inconsistencies or material misstatement appears between other information and the financial statements or the situation we learned in the audit process

Based on the work we have performed, we are expected to report the fact of recognized material

misstatement in other information. In this respect, we do not have any matters to report.

## **V Responsibilities of Management and Governance for Financial Statements**

The management is responsible for preparing the consolidated financial statements in accordance with the Accounting Standards for Business Enterprises to achieve fair reflection and to design, implement and maintain necessary internal controls to ensure that the consolidated financial statements are free from material misstatement due to fraud or error.

When preparing the financial statements, management is responsible for assessing the sustainable operation capability of Jingliang Holdings, disclosing matters related to the sustainable operation (if applicable), and applying the continuing operation assumption, unless management plans to liquidate the Jingliang Holdings, terminate operations, or have no other realistic options.

The governance is responsible for supervising the financial reporting process of Jingliang Holdings.

## **VI The Responsibility of Certified Public Accountants for Auditing Financial Statements**

Our goal is to obtain reasonable assurance on no material misstatement due to fraud or error in the whole financial statements and to issue an audit report containing audit opinions. Reasonable assurance was a high level of assurance, but it does not guarantee that the material misstatement in audit process in accordance with the audit standards can always be found. Misstatements may result from fraud or error and are generally considered to be material if the individual or aggregated misstatements are reasonably expected to affect the economic decisions made by users of the financial statements on the basis of the consolidated financial statements.

In the process of performing the audit in accordance with the audit standards, we exercise professional judgment and maintain professional skepticism. Meanwhile, we also implement the following work:

- (1) Identifying and assessing the risk of material misstatement in the consolidated financial statements due to fraud or error, designing and implementing audit procedures to address these risks, and obtaining sufficient and appropriate audit evidences as the basis for issuing audit opinions. Since fraud may involve collusion, forgery, willful omission, misrepresentation or overriding internal control, the risk of failing to recognize a material misstatement resulting from fraud is higher than the risk of failing to recognize a material misstatement resulting from error.
- (2) Understanding internal controls related to audit to design appropriate audit procedures.
- (3) Evaluating the appropriateness of accounting policies adopted by management and the rationality of accounting estimates and relevant disclosures.
- (4) Drawing conclusions about the appropriateness of going concern assumption adopted by management. Meanwhile, drawing conclusions about the matters that may lead to significant doubts about sustainable operation capacity of Jingliang Holdings or significant uncertainties of situation. If we concluded that significant uncertainties exist, according to the requirements of the audit standards, we should draw the attention of statement users to the relevant disclosures in the consolidated financial statements in the audit

report. If the disclosure was insufficient, we should express a non-unqualified opinion. Our conclusions were based on available information as at the audit report date. However, future events or circumstances may cause the unsustainable operation of the Jingliang Holdings.

(5) Evaluating the overall presentation, structure and content of the consolidated financial statements and assessing whether the financial statements fairly reflected relevant transactions and events.

(6) Obtaining sufficient and appropriate audit evidences of financial information of entities or business activities in Jingliang Holdings to issue audit opinions on consolidated financial statements. We are responsible for guiding, supervising and executing group audits and take full responsibility for audit opinions.

We communicated with governance about the planned scope of audit, time arrangement, and the major audit findings, including the concerned internal control deficiencies that we identified during the auditing process.

**Consolidated Balance Sheet**

Dec 31,2023

Prepared by: Hainan Jingliang Holdings Co., Ltd.

Monetary Unit: RMB Yuan

Items	Note	31 December 2023	31 December 2022
Current Assets:			
Monetary capital	V 1	1,543,385,751.86	561,013,109.76
Transactional financial assets	V 2		11,005,983.98
Derivative financial assets	V 3	31,684,620.00	201,549.12
Notes receivable			
Accounts receivable	V 4	115,780,372.55	77,057,446.86
Receivables financing	V 5	2,502,308.90	
Prepayment	V 6	87,352,234.48	194,495,648.06
Other receivables	V 7	303,099,589.59	444,523,698.48
Including: Interest receivable			
Dividends receivable			
Inventory	V 8	2,041,860,143.11	2,073,944,683.57
Contract assets			
Held-for-sale assets			
Non-current assets due within one year	V 9	22,188,083.34	148,387,894.16
Other current assets	V 10	312,336,642.43	632,929,899.75
Total current assets		4,460,189,746.26	4,143,559,913.74
Non-current assets:			
Debt investment			
Other debt investments			
Long-term receivables			
Long-term equity investment	V 11	254,922,645.41	243,553,916.98
Other equity instruments investment	V 12	20,000,000.00	20,000,000.00
Other non-current financial assets			
Investment property	V 13	20,045,503.77	19,805,276.24

Fixed assets	V 14	939,548,012.91	1,047,451,810.24
Construction in process	V 15	59,094,902.29	22,695,003.52
Productive biological assets			
Oil-and-gas assets			
Right-of-use assets	V 16	99,232,303.78	6,968,426.20
Intangible assets	V 17	412,676,845.93	325,044,884.34
Development expenditure			
Goodwill	V 18	191,394,422.51	191,394,422.51
Long-term deferred expenses	V 19	17,655,736.82	16,935,967.92
Deferred income tax assets	V 20	8,798,915.22	14,189,763.93
Other non-current assets	V 21	13,223,950.00	53,544,782.34
Total non-current assets		2,036,593,238.64	1,961,584,254.22
Total assets		6,496,782,984.90	6,105,144,167.96

Legal Representative:

Chief Financial Officer:

Head of Accounting Department:

Items	Note	31 December 2023	31 December 2022
Current liabilities:			
Short-term borrowings	V 23	1,163,479,691.67	1,260,543,148.81
Transactional financial liabilities			
Derivative financial liabilities	V 24	15,805,393.88	111,373,155.00
Notes payable	V 25		3,331,333.80
Accounts payable	V 26	82,474,823.84	110,911,877.21
Account collected in advance	V 27	1,075,801.34	922,982.41
Contract liabilities	V 28	411,033,219.08	285,555,581.80
Employee payroll payable	V 29	32,702,558.07	43,928,760.76
Taxes payable	V 30	11,577,392.47	66,629,054.18
Other payables	V 31	79,618,198.78	83,999,685.56
Including: Interest payable	V 31	21,082,795.47	21,082,795.47

Dividends payable	V 31	3,213,302.88	3,213,302.88
Held-for-sale liabilities			
Non-current liabilities due within one year	V 32	175,940,949.28	1,432,706.14
Other current liabilities	V 33	60,439,400.68	56,184,255.30
Total current liabilities		2,034,147,429.09	2,024,812,540.97
Non-current liabilities:			
Long-term borrowings	V 34	400,000,000.00	500,284,166.67
Bonds payable	V 35	298,800,000.00	
Including: Preferred stock			
Perpetual capital bonds			
Lease liabilities	V 36	73,241,742.57	704,390.98
Long-term payables			
Long-term payable to employees	V 37	5,677,134.00	5,677,134.00
Estimated liabilities			
Deferred income	V 38	62,503,256.67	64,550,917.36
Deferred income tax liabilities	V 20	47,082,123.53	46,405,170.70
Other non-current liabilities			
Total non-current liabilities		887,304,256.77	617,621,779.71
Total liabilities		2,921,451,685.86	2,642,434,320.68
Owners' equity (or Shareholders' equity):			
Paid-in capital	V 39	726,950,251.00	726,950,251.00
Other equity instruments			
Including: Preferred stock			
Perpetual capital bonds			
Capital reserves	V 40	1,681,808,108.07	1,678,678,350.95
Less: treasury stock			
Other comprehensive income	V 41	1,369,980.92	1,005,720.50
Special reserves			
Surplus reserves	V 42	129,819,690.00	122,122,436.98

Undistributed profit	V 43	627,555,511.45	532,904,675.62
Owner's Equity (or shareholder's equity) Attributable to Shareholders of the Parent Company		3,167,503,541.44	3,061,661,435.05
Minority equity		407,827,757.60	401,048,412.23
Total owners' equity (or shareholders' equity)		3,575,331,299.04	3,462,709,847.28
Total liabilities and owners' equity (or shareholders' equity)		6,496,782,984.90	6,105,144,167.96

Legal Representative:

Chief Financial Officer:

Head of Accounting Department:

**Balance Sheet of Parent Company**

Dec 31,2023

Prepared by: Hainan Jingliang Holdings Co., Ltd.

Monetary Unit: RMB Yuan

Items	Notes	31 December 2023	31 December 2022
Current Assets:			
Monetary capital		23,743,255.81	15,852,894.21
Transactional financial assets			
Derivative financial assets			
Notes receivable			
Accounts receivable			
Receivables financing			
Prepayment			
Other receivables	17.1	950,000,000.00	349,000,000.00
Including: Interest receivable			
Dividends receivable	17.1		150,000,000.00
Inventory			
Contract assets			
Held-for-sale assets			
Non-current assets due within one year			
Other current assets		976,539.93	1,168,502.66
Total current assets		974,719,795.74	366,021,396.87
Non-current assets:			
Debt investment			
Other debt investments			
Long-term receivables			
Long-term equity investment	17.2	2,625,657,283.19	2,619,157,283.19
Other equity instruments investment		20,000,000.00	20,000,000.00
Other non-current financial assets			
Investment property		5,198,514.17	5,539,676.69

Fixed assets		5,955,832.27	5,575,316.44
Construction in process			
Productive biological assets			
Oil-and-gas assets			
Right-of-use assets			
Intangible assets			
Development expenditure			
Goodwill			
Long-term deferred expenses		495,639.67	
Deferred income tax assets			
Other non-current assets		2,833,950.00	
Total non-current assets		2,660,141,219.30	2,650,272,276.32
Total assets		3,634,861,015.04	3,016,293,673.19

Legal Representative:

Chief Financial Officer:

Head of Accounting Department:

Items	Notes	31 December 2023	31 December 2022
Current liabilities:			
Short-term borrowings			
Transactional financial liabilities			
Derivative financial liabilities			
Notes payable			
Accounts payable		15,383.17	
Account collected in advance		38,896.41	38,896.41
Contract liabilities			
Employee payroll payable		157,166.68	191,137.22
Taxes payable		1,016,682.06	1,548,097.77
Other payables		32,458,140.29	34,559,303.45
Including: Interest payable		21,082,795.47	21,082,795.47

Dividends payable		3,213,302.88	3,213,302.88
Held-for-sale liabilities			
Non-current liabilities due within one year		2,880,000.00	
Other current liabilities			
Total current liabilities		36,566,268.61	36,337,434.85
Non-current liabilities:			
Long-term borrowings			
Bonds payable		298,800,000.00	
Including: Preferred stock			
Perpetual capital bonds			
Lease liabilities			
Long-term payables			
Long-term payable to employees			
Estimated liabilities			
Deferred income			
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities		298,800,000.00	
Total liabilities		335,366,268.61	36,337,434.85
Owners' equity (or Shareholders' equity):			
Paid-in capital		726,950,251.00	726,950,251.00
Other equity instruments			
Including: Preferred stock			
Perpetual capital bonds			
Capital reserves		2,386,084,900.84	2,382,994,900.84
Less: treasury stock			
Other comprehensive income			
Special reserves			
Surplus reserves		117,184,317.41	109,487,064.39

Undistributed profit		69,275,277.18	-239,475,977.89
Total owners' equity (or shareholders' equity)		3,299,494,746.43	2,979,956,238.34
Total liabilities and owners' equity (or shareholders' equity)		3,634,861,015.04	3,016,293,673.19

Legal Representative:

Chief Financial Officer:

Head of Accounting Department:

**Consolidated Income Statement**

Year 2023

Prepared by: Hainan Jingliang Holdings Co., Ltd.

Monetary Unit: RMB Yuan

<b>Items</b>	<b>Note</b>	<b>Amount for the current period</b>	<b>Amount for the prior period</b>
I. Total operating income		11,901,009,211.63	12,857,874,301.72
Including: Operating income	V 44	11,901,009,211.63	12,857,874,301.72
II. Total operating cost		11,986,827,828.36	12,681,617,878.16
Including: Operating cost	V 44	11,550,803,067.51	12,237,571,339.31
Tax and surcharges	V 45	22,932,382.10	30,485,129.75
Selling expenses	V 46	134,700,286.27	163,930,700.04
Administration expenses	V 47	213,974,205.09	209,606,764.42
Research and development expenses	V 48	20,897,961.71	14,391,364.17
Financial expenses	V 49	43,519,925.68	25,632,580.47
Including: interest expenses	V 49	62,101,542.12	46,001,727.19
Interest income	V 49	18,201,145.42	26,078,234.77
Add: Other income	V 50	13,332,777.37	15,781,725.63
Income from investment (Losses shall be filled in with “-”)	V 51	15,930,270.08	13,303,071.64
Including: income from investment on joint venture and cooperative enterprise		11,368,728.43	12,293,636.95
Income from derecognition of financial assets measured at amortized cost			
Income from net exposure hedging(Losses shall be filled in with “-”)			
Income from changes in fair value (Losses shall be filled in with “-”)	V 52	228,219,839.09	61,032,222.12
Credit impairment loss(Losses	V 53	-5,127,786.33	-2,004,656.44

shall be filled in with “-”)			
Income from assets impairment(Losses shall be filled in with “-”)	V 54	-29,004,360.66	-43,736,036.29
Income from asset disposal (Losses shall be filled in with “-”)	V 55	50,283.79	466,027.43
III. Operating profit (Losses shall be filled in with “-”)		137,582,406.61	221,098,777.65
Add: non-operating income	V 56	6,767,332.70	5,356,230.94
Less: non-operating expenditure	V 57	4,017,245.94	1,132,355.35
IV. Total profit (Total losses shall be filled in with “-”)		140,332,493.37	225,322,653.24
Less: income tax expense	V 58	36,879,647.08	61,071,287.26
V. Net profit (Net loss shall be filled in with “-”)		103,452,846.29	164,251,365.98
(I) Classified by operations continuity			
1. Net profit from continuing operations (Net loss shall be filled in with “-”)		103,452,846.29	164,251,365.98
2. Net profit from discontinuing operations (Net loss shall be filled in with “-”)			
(II) Classified by ownership attribution			
1、 Net profit attributable to shareholders of the parent company (Net loss shall be filled in with “-”)		102,348,088.85	141,411,141.28
2、 Minority interest income (Net loss shall be filled in with “-”)		1,104,757.44	22,840,224.70
VI. Net of tax from other comprehensive income		364,260.42	1,688,002.72
(I) Net of tax from other comprehensive income attributable to shareholders of the parent		364,260.42	1,688,002.72

company			
1.Other comprehensive income that cannot be reclassified into the profit and loss			
(1)Remeasure changes in defined benefit plans			
(2)Other comprehensive income that cannot be transferred to gains and losses under the equity method			
(3)Changes in fair value of other equity instrument investments			
(4)Changes in the fair value of the company's own credit risk			
(5)Others			
2.Other comprehensive income that will be reclassified into the profit and loss		364,260.42	1,688,002.72
(1) Other comprehensive income that can be transferred to gains and losses under the equity method			460,842.50
(2) Changes in fair value of other debt investments			
(3) Reclassification of financial assets included in other comprehensive income			
(4) Provision for credit impairment of other debt investments			
(5) Cash flow hedge reserve			
(6) Balance arising from the translation of foreign currency		364,260.42	1,227,160.22
(7) Others			
(II) Net of tax from other comprehensive			

income attributable to minority shareholder			
VII. Total comprehensive income		103,817,106.71	165,939,368.70
(I) Total comprehensive income attributable to shareholders of the parent company		102,712,349.27	143,099,144.00
(II) Total comprehensive income attributable to minority shareholder		1,104,757.44	22,840,224.70
VIII. Earnings per share:			
(I) Basic earnings per share		0.14	0.19
(II) Diluted earnings per share		0.14	0.19

Legal Representative:

Chief Financial Officer:

Head of Accounting Department:

**Income Statement of Parent Company**

Year 2023

Prepared by: Hainan Jingliang Holdings Co., Ltd.

Monetary Unit: RMB Yuan

Items	Note	Amount for the current period	Amount for the prior period
I. Total operating income	17.3	12,240,221.13	11,768,886.09
Less: Operating cost	17.3	341,162.52	341,162.52
Tax and surcharges		438,568.29	373,093.86
Selling expenses			
Administration expenses		11,424,000.59	12,242,752.50
Research and development expenses			
Financial expenses		-15,865,978.76	-7,075,157.39
Including: interest expenses		3,030,000.00	
Interest income		18,899,353.45	7,076,989.67
Add: Other income		2,308.28	23,340.94
Income from investment (Losses shall be filled in with “-”)	17.4	300,509,614.85	163,430,984.15
Including: income from investment on joint venture and cooperative enterprise			
Income from derecognition of financial assets measured at amortized cost			
Income from net exposure hedging(Losses shall be filled in with “-”)			
Income from changes in fair value (Losses shall be filled in with “-”)			
Credit impairment loss(Losses shall be filled in with “-”)			-600.00
Income from assets impairment(Losses shall be filled in with “-”)			

Income from asset disposal (Losses shall be filled in with “-”)			
II. Operating profit (Losses shall be filled in with “-”)		316,414,391.62	169,340,759.69
Add: non-operating income		61,300.00	1.00
Less: non-operating expenditure		27,183.53	7,270.08
III. Total profit (Total losses shall be filled in with “-”)		316,448,508.09	169,333,490.61
Less: income tax expense			
IV. Net profit (Net loss shall be filled in with “-”)		316,448,508.09	169,333,490.61
1. Net profit from continuing operations (Net loss shall be filled in with “-”)		316,448,508.09	169,333,490.61
2. Net profit from discontinuing operations (Net loss shall be filled in with “-”)			
V. Net of tax from other comprehensive income			
1. Other comprehensive income that cannot be reclassified into the profit and loss			
(1) Remeasure changes in defined benefit plans			
(2) Other comprehensive income that cannot be transferred to gains and losses under the equity method			
(3) Changes in fair value of other equity instrument investments			
(4) Changes in the fair value of the company's own credit risk			
(5) Others			
2. Other comprehensive income that will be reclassified into the profit and loss			
(1) Other comprehensive income that can be transferred to gains and losses under the equity method			
(2) Changes in fair value of other debt investments			
(3) Reclassification of financial assets included in other comprehensive income			
(4) Provision for credit impairment of other debt investments			

(5) Cash flow hedge reserve			
(6) Balance arising from the translation of foreign currency			
(7) Others			
VI. Total comprehensive income		316,448,508.09	169,333,490.61
VII. Earnings per share:			
1. Basic earnings per share			
2. Diluted earnings per share			

Legal Representative:

Chief Financial Officer:

Head of Accounting Department:

**Consolidated Cash Flow Statement**

Year 2023

Prepared by: Hainan Jingliang Holdings Co., Ltd.

Monetary Unit: RMB Yuan

Items	Note	Amount for the current period	Amount for the prior period
<b>I. Cash Flows from Operating Activities:</b>			
Cash Receipts from Sales of Goods or Rendering of Services		12,936,790,538.49	13,766,962,689.93
Tax Refund Receipts		7,998,752.68	32,076,837.51
Other Cash Receipts Concerning Operating Activities	V 60	2,317,880,715.49	2,398,032,376.76
<b>Subtotal of Cash Inflows from Operating Activities</b>		15,262,670,006.66	16,197,071,904.20
Cash Paid for Purchase of Goods and Accepting Services		12,244,383,908.50	12,753,441,435.11
Cash Paid to and for Employees		358,936,454.83	358,394,104.04
Taxes and Fees Paid		186,585,834.21	270,860,576.40
Other Cash Paid Concerning Operating Activities	V 60	2,363,276,854.38	3,347,606,735.68
<b>Subtotal of Cash Outflows from Operating Activities</b>		15,153,183,051.92	16,730,302,851.23
Net Cash Flows from Operating Activities		109,486,954.74	-533,230,947.03
<b>II. Cash Flows from Investment Activities:</b>			
Cash Receipts from Disinvestment		784,491,129.71	2,394,031,129.22
Cash Receipts from Returns on Investments		4,709,513.37	766,069.50
Net Cash from Disposal of Fixed Assets, Intangible Assets and Other Long-term Assets		63,176.00	1,014,639.66
Net Cash Received by Disposal of Subsidiaries and Other Business Units			
Other Cash Receipts Concerning Investment Activities			
<b>Subtotal of Cash Inflows from Investment Activities</b>		789,263,819.08	2,395,811,838.38
Cash Paid for Purchase and Construction of Fixed Assets, Intangible Assets and Other Long-term Assets		105,158,076.17	40,239,869.38
Cash Paid for Investments		200,000,000.00	1,880,998,000.00

Net Cash Paid for obtaining Subsidiaries and Other Business Units			
Other Cash Paid Concerning Investment Activities	V 60	9,772,907.10	
<b>Subtotal of Cash Outflows from Investment Activities</b>		314,930,983.27	1,921,237,869.38
Net Cash Flows from Investment Activities		474,332,835.81	474,573,969.00
<b>III. Cash Flows from Financing Activities:</b>			
Cash Receipts from Accepting Investment		3,500,000.00	
Including: Cash Received by Subsidiaries Absorbing the Investment from Minority Shareholders		3,500,000.00	
Cash Receipts from Borrowings		3,359,242,053.12	4,399,709,228.07
Other Cash Receipts Concerning Financing Activities	V 60	3,090,000.00	2,760,000.00
<b>Subtotal of Cash Inflows from Financing Activities</b>		3,365,832,053.12	4,402,469,228.07
Cash Paid for Repayment of Debts		2,795,921,695.12	4,237,019,825.39
Cash Paid for Distribution of Dividends, Profits or Repayment of Interests		134,747,045.10	64,145,041.16
Including: Dividends and Profits Paid by Subsidiaries to Minority Shareholders		73,212,000.00	18,143,313.97
Other Cash Paid Concerning Financing Activities	V 60	29,652,976.62	1,238,815.56
<b>Subtotal of Cash Outflows from Financing Activities</b>		2,960,321,716.84	4,302,403,682.11
<b>Net Cash Flows from Financing Activities</b>		405,510,336.28	100,065,545.96
<b>IV. Exchange Rate Fluctuation Consequences on Cash and Cash Equivalents</b>		-130,156.95	3,101,731.45
<b>V. Net Increase in Cash and Cash Equivalents</b>		989,199,969.88	44,510,299.38
Add: Opening Balance of Cash and Cash Equivalents		551,439,110.07	506,928,810.69
<b>VI. Closing Balance of Cash and Cash Equivalents</b>		1,540,639,079.95	551,439,110.07

Legal Representative:

Chief Financial Officer:

Head of Accounting Department:

**Cash Flow Statement of Parent Company**

Year 2023

Prepared by: Hainan Jingliang Holdings Co., Ltd.

Monetary Unit: RMB Yuan

Items	Note	Amount for the current period	Amount for the prior period
<b>I. Cash Flows from Operating Activities:</b>			
Cash Receipts from Sales of Goods or Rendering of Services		12,124,704.99	12,170,542.89
Tax Refund Receipts			395,429.81
Other Cash Receipts Concerning Operating Activities		875,745.92	17,881,230.06
<b>Subtotal of Cash Inflows from Operating Activities</b>		13,000,450.91	30,447,202.76
Cash Paid for Purchase of Goods and Accepting Services			
Cash Paid to and for Employees		4,197,912.96	3,754,319.13
Taxes and Fees Paid		1,608,964.87	340,553.05
Other Cash Paid Concerning Operating Activities		9,750,891.74	42,879,170.61
<b>Subtotal of Cash Outflows from Operating Activities</b>		15,557,769.57	46,974,042.79
Net Cash Flows from Operating Activities		-2,557,318.66	-16,526,840.03
<b>II. Cash Flows from Investment Activities:</b>			
Cash Receipts from Disinvestment			11,032,147.20
Cash Receipts from Returns on Investments		470,462,392.63	17,679,400.00
Net Cash from Disposal of Fixed Assets, Intangible Assets and Other Long-term Assets		3,920.00	
Net Cash Received by Disposal of Subsidiaries and Other Business Units			
Other Cash Receipts Concerning Investment Activities			
<b>Subtotal of Cash Inflows from Investment Activities</b>		470,466,312.63	28,711,547.20
Cash Paid for Purchase and Construction of Fixed Assets, Intangible Assets and Other Long-term Assets		4,258,632.37	
Cash Paid for Investments		757,500,000.00	8,000,000.00

Net Cash Paid for obtaining Subsidiaries and Other Business Units			
Other Cash Paid Concerning Investment Activities			
<b>Subtotal of Cash Outflows from Investment Activities</b>		761,758,632.37	8,000,000.00
Net Cash Flows from Investment Activities		-291,292,319.74	20,711,547.20
<b>III. Cash Flows from Financing Activities:</b>			
Cash Receipts from Accepting Investment			
Including: Cash Received by Subsidiaries Absorbing the Investment from Minority Shareholders		298,650,000.00	
Cash Receipts from Borrowings		3,090,000.00	10,135,000.00
Other Cash Receipts Concerning Financing Activities		301,740,000.00	10,135,000.00
<b>Subtotal of Cash Inflows from Financing Activities</b>			
Cash Paid for Distribution of Dividends, Profits or Repayment of Interests			
Other Cash Paid Concerning Financing Activities			
Subtotal of Cash Outflows from Financing Activities			
Net Cash Flows from Financing Activities		301,740,000.00	10,135,000.00
<b>IV. Exchange Rate Fluctuation Consequences on Cash and Cash Equivalents</b>			
<b>V. Net Increase in Cash and Cash Equivalents</b>		7,890,361.60	14,319,707.17
Add: Opening Balance of Cash and Cash Equivalents		15,852,894.21	1,533,187.04
<b>VI. Closing Balance of Cash and Cash Equivalents</b>		23,743,255.81	15,852,894.21

Legal Representative:

Chief Financial Officer:

Head of Accounting Department:



4. Others					3,129,757.12					3,129,757.12	-38,811,712.07	-35,681,954.95
(III) Distribution of profits								7,697,253.02	-7,697,253.02		-73,212,000.00	-73,212,000.00
1. Withdrawal of surplus reserves								7,697,253.02	-7,697,253.02			
2. Distribution to shareholders											-73,212,000.00	-73,212,000.00
3. Others												
(IV) Inner carrying-over of shareholders' equities												
1. Capital reserve converted into capital (or capital stock)												
2. Surplus public accumulation converted into capital (or capital stock)												
3. Surplus public accumulation loss remedy												
4. Change in defined benefit plan carried forward to retained earnings												
5. Other comprehensive income carried forward to retained earnings												
6. Others												
(V) Special reserve												
1. Withdrawal for current period												
2. Use for current period												
(VI) Others												
<b>IV. Closing balance of current year</b>	726,950,251.00				1,681,808,108.07		1,369,980.92	129,819,690.00	627,555,511.45	3,167,503,541.44	407,827,757.60	3,575,331,299.04

Legal Representative:

Chief Financial Officer:

Head of Accounting Department:

## Consolidated Statement of Changes in Equity

Year 2023

Prepared by: Hainan Jingliang Holdings Co., Ltd.

Monetary Unit: RMB Yuan

Items	Amount of Last Period											Minority equity	Total shareholders' equities
	Shareholder's Equity attributable to the Parent Company												
	Paid-in capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Subtotal		
Preferred stock		Perpetual bond	Others										
<b>I. Year-end balance of last year</b>	726,950,251.00				1,675,918,350.95		-682,282.22		122,122,436.98	391,493,534.34	2,915,802,291.05	396,351,501.50	3,312,153,792.55
Add: changes in accounting policies													
Correction of prior period errors													
Merger of enterprises under the same control													
Other													
<b>II. Balance at beginning of current year</b>	726,950,251.00				1,675,918,350.95		-682,282.22		122,122,436.98	391,493,534.34	2,915,802,291.05	396,351,501.50	3,312,153,792.55
<b>III. Increases and decreases of current year (Decrease shall be filled in with "-")</b>					2,760,000.00		1,688,002.72			141,411,141.28	145,859,144.00	4,696,910.73	150,556,054.73
(I) Total comprehensive income							1,688,002.72			141,411,141.28	143,099,144.00	22,840,224.70	165,939,368.70
(II) Investment of shareholders and capital					2,760,000.00						2,760,000.00		2,760,000.00



4. Change in defined benefit plan carried forward to retained earnings													
5. Other comprehensive income carried forward to retained earnings													
6. Others													
(V) Special reserve													
1. Withdrawal for current period													
2. Use for current period													
(VI) Others													
<b>IV. Closing balance of current year</b>	726,950,251.00				1,678,678,350.95		1,005,720.50		122,122,436.98	532,904,675.62	3,061,661,435.05	401,048,412.23	3,462,709,847.28

Legal Representative:

Chief Financial Officer:

Head of Accounting Department:

## Statement of Changes in Equity of Parent Company

Year 2023

Prepared by: Hainan Jingliang Holdings Co., Ltd.

Monetary Unit: RMB Yuan

Items	Current Amount										
	Paid-in capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Subtotal
		Preferred stock	Perpetual bond	Others							
<b>I. Year-end balance of last year</b>	726,950,251.00				2,382,994,900.84				109,487,064.39	-239,475,977.89	2,979,956,238.34
Add: changes in accounting policies											
Correction of prior period errors											
Other											
<b>II. Balance at beginning of current year</b>	726,950,251.00				2,382,994,900.84				109,487,064.39	-239,475,977.89	2,979,956,238.34
<b>III. Increases and decreases of current year (Decrease shall be filled in with "-")</b>					3,090,000.00				7,697,253.02	308,751,255.07	319,538,508.09
(I) Total comprehensive income										316,448,508.09	316,448,508.09
(II) Investment of shareholders and capital reduction					3,090,000.00						3,090,000.00
1. Common equity invested by shareholders											
2. Capital invested by other equity instruments holders											
3. The amount of shares recorded into the shareholder's equity											
4. Others					3,090,000.00						3,090,000.00

(III) Distribution of profits									7,697,253.02	-7,697,253.02	
1. Withdrawal of surplus reserves									7,697,253.02	-7,697,253.02	
2. Distribution to shareholders											
3. Others											
(IV) Inner carrying-over of shareholders' equities											
1. Capital reserve converted into capital (or capital stock)											
2. Surplus public accumulation converted into capital (or capital stock)											
3. Surplus public accumulation loss remedy											
4. Change in defined benefit plan carried forward to retained earnings											
5. Other comprehensive income carried forward to retained earnings											
6. Others											
(V) Special reserve											
1. Withdrawal for current period											
2. Use for current period											
(VI) Others											
<b>IV. Closing balance of current year</b>	726,950,251.00				2,386,084,900.84				117,184,317.41	69,275,277.18	3,299,494,746.43

Legal Representative:

Chief Financial Officer:

Head of Accounting Department:

## Statement of Changes in Equity of Parent Company

Year 2023

Prepared by: Hainan Jingliang Holdings Co., Ltd.

Monetary Unit: RMB Yuan

Items	Amount of Last Period										
	Paid-in capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Subtotal
		Preferred stock	Perpetual bond	Others							
<b>I. Year-end balance of last year</b>	726,950,251.00				2,380,234,900.84				109,487,064.39	-408,809,468.50	2,807,862,747.73
Add: changes in accounting policies											
Correction of prior period errors											
Other											
<b>II. Balance at beginning of current year</b>	726,950,251.00				2,380,234,900.84				109,487,064.39	-408,809,468.50	2,807,862,747.73
<b>III. Increases and decreases of current year (Decrease shall be filled in with "-")</b>					2,760,000.00					169,333,490.61	172,093,490.61
(I) Total comprehensive income										169,333,490.61	169,333,490.61
(II) Investment of shareholders and capital reduction					2,760,000.00						2,760,000.00
1. Common equity invested by shareholders											
2. Capital invested by other equity instruments holders											
3. The amount of shares recorded into the shareholder's equity											
4. Others					2,760,000.00						2,760,000.00

(III) Distribution of profits											
1. Withdrawal of surplus reserves											
2. Distribution to shareholders											
3. Others											
<b>(IV) Inner carrying-over of shareholders' equities</b>											
1. Capital reserve converted into capital (or capital stock)											
2. Surplus public accumulation converted into capital (or capital stock)											
3. Surplus public accumulation loss remedy											
4. Change in defined benefit plan carried forward to retained earnings											
5. Other comprehensive income carried forward to retained earnings											
6. Others											
(V) Special reserve											
1. Withdrawal for current period											
2. Use for current period											
(VI) Others											
<b>IV. Closing balance of current year</b>	726,950,251.00				2,382,994,900.84				109,487,064.39	-239,475,977.89	2,979,956,238.34

Legal Representative:

Chief Financial Officer:

Head of Accounting Department:

## I. Basic Information of the Company

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

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

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

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

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

In 1999, Guangzhou Pearl River Enterprises Group transferred all 112,628,976 shares to Beijing Wanfa Real Estate Development Co., Ltd. After the transfer of shares was completed in June 1999, Beijing Wanfa Real Estate Development Co., Ltd. held 112,628,976 shares of the Company, accounting for 29.82% of the total shares of the Company, and became the controlling shareholder of the Company.

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

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

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

The Company determined July 31, 2017 as the delivery date of material assets in accordance with the material assets restructuring plan and the delivery agreement. On September 14, 2017, approved pursuant to the resolution of the Second Extraordinary General Meeting of Shareholders of the Company on November 18, 2016 and the *Approval Reply of the China Securities Regulatory Commission dated July 28, 2017 On Approval of Hainan Pearl River Holding Co., Ltd. to Purchase Assets and Raise Supporting Funds from Beijing Grain Group Co., Ltd.* (ZJXK (2017) No.1391): 1) The Company purchased assets from the original shareholders of Beijing Grain Food Co., Ltd. (hereinafter referred to as Beijing Grain Food) by issuing 210,079,552 shares of the balance between the transaction price of the injected assets and the assets to be purchased (the difference between the transaction price of the injected assets and the assets to be purchased was RMB 1,699.5436 million yuan). The par value in the issuance was RMB 1.00 per share and the issuance price was RMB 8.09 per share; 2) The Company has issued 48,965,408 non-public shares of the Company to Beijing Grain Group for the purpose of purchasing the supporting funds raised

from the assets of the issuance of shares. The par value per share of the Company was RMB1.00 and the issuance price was RMB8.82 per share. The shareholder Beijing Grain Group conducted subscription in monetary funds. Upon completion of the issue, the registered capital was RMB 685,790,364.00 and the share capital was RMB 685,790,364.00. Beijing Grain Group, which accounted for 42.06% of the total number of shares, became the largest shareholder of the Company.

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

As of December 31, 2023, the company has issued 726,950,251.00 shares, and the company's share capital is 726,950,251.00 yuan; Uniform Social Credit Code: 914600002012845568; Registration authority: Hainan Market Supervision Administration; Company type: Limited Company (Listed, State-controlled); Registered address: F29, Dihao Building, Pearl River Square, Binhai Avenue, Haikou City; Legal representative: WangChunli.

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

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

The Company and its subsidiaries are principally engaged in the processing, production and sales of oil and oilseeds, and processing and sales of foodstuffs.

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

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

#### **4. Business Cycle**

From 22 March 1988 to 20 September 2025

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

The financial statements have been approved by the Board of Directors of the Company in its resolution dated March 28, 2024.

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

#### **1. Preparation Basis**

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

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

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

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

The Company and its subsidiaries are engaged in the processing, production and sales of oil and oilseeds, and processing and sales of foodstuffs. According to the characteristics of actual production and operation and the provisions of relevant accounting standards for business enterprises, the Company and its subsidiaries have formulated a number of specific accounting policies and accounting estimates for transactions and events such as revenue recognition. For details, please refer to the descriptions in Note III, 28 "Revenue".

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

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

#### **2. Accounting Period**

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

### 3. Business Cycle

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

### 4. Bookkeeping Standard Currency

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

### 5. Materiality Standards Determination Method and Selection Basis

The company follows the materiality principle when preparing and disclosing financial reports. If disclosure matters involve the judgment of materiality standards, the methods of determining materiality standards and selection basis are disclosed as follows:

Disclosure matters involve the judgment of materiality standards	Methods of determining materiality standards and selection basis
Impairment test made on individual accounts receivable with significant amounts.	Impairment test made on individual accounts receivables accounting over 10% as total provision for various types of bad debts receivable, and amounts exceeding 5 million yuan
Significant bad debt reserve for accounts receivable recovered or reversed	Individual item recovered or reversed accounting over 10% as total amounts for various types of receivables and exceeding 5 million yuan
Significant receivables actually written off	Individual write-off amount accounting for over 10% as total amounts of various types of bad debts reserve for receivables, and amounts exceeding 5 million yuan
Significant contractual liabilities with aging over one year	Individual contractual liabilities with aging over one year accounting over 10% of total amount of contractual liabilities, and amounts exceeding 10 million yuan
Significant project under construction	Projects with investments exceeding 5 million yuan
Significant non-wholly owned subsidiaries	Non-wholly owned subsidiaries with individual entity revenue and net profit accounting 10% for items related to the Company's consolidated statements

Disclosure matters involve the judgment of materiality standards	Methods of determining materiality standards and selection basis
Significant associated enterprise and joint-venture.	Associated enterprise and joint-venture with net profit share recognized in the current period accounting 5% for items related to the Company's consolidated statements

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

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

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

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

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

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

### **(2) Business combination under different control**

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

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

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

Through multi-transaction and step-by-step business combination under different control, according to the *Circular of the Ministry of Finance on Printing and Issuing the Interpretation of Accounting Standards for Business Enterprises No.5* (CK (2012) No.19) and Article 51 of the *Accounting Standards for Business Enterprises No.33-Consolidated Financial Statements* on the judgment criteria of "package deal" (see 7 (2) of Note III), it is determined whether the multiple transactions belong to the "package deal". In the case of a "package deal", the accounting treatment shall be performed with reference to the description in the preceding paragraphs of this section and Note III, 15 "Long-term Equity Investments"; If

the transaction is not a "package deal", the accounting treatment shall be distinguished between the individual financial statements and the consolidated financial statements:

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

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

## **7. Criteria for the Judgment of Control and Methods for the Preparation of Consolidated Financial Statements.**

### **(1) Criteria for the Judgment of Control**

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

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

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

The Company begins to incorporate the net assets of the subsidiary and the actual control of the production and operation decisions into the scope of the merger from the date when the subsidiary is

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

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

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

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

When the control of the original subsidiary is lost due to the disposal of part of the equity investment or other reasons, the residual equity shall be revalued according to its fair value at the date of loss of control. The sum of consideration obtained from the disposal of equity and the fair value of the remaining equity minus the difference between the shares of the net assets of the original subsidiary that shall be continuously calculated from the purchase date according to the original shareholding proportion shall be

included in the investment income of the current period of loss of control. Other comprehensive income related to the equity investment of the original subsidiary, in the event of loss of control, the accounting treatment is performed on the same basis as the direct disposal of the relevant assets or liabilities by the Purchased (i.e. converted to current investment income, except for changes resulting from the re-measurement of the net liabilities or net assets of the Defined Benefit Plan in the original subsidiary). Thereafter, the residual equity shall be subsequently measured in accordance with the relevant provisions of Accounting Standards for Business Enterprises No.2-Long-term Equity Investment or Accounting Standards for Business Enterprises No.22-Recognition and Measurement of Financial Instruments, as detailed in Note III, 15-Long-term Equity Investment or Note III, 11-Financial Instruments.

If the Company disposes of the equity investment in subsidiaries step by step until it loses control through multiple transactions. It is necessary to distinguish whether the transactions that dispose of the equity investment in subsidiaries until it loses control belong to a package deal or not. The terms, conditions and economic impact of the transactions for the disposal of equity investments in subsidiaries are in accordance with one or more of the following circumstances and generally indicate that multiple transactions should be accounted for as a package deal: ① These transactions were entered into simultaneously or taking into account each other's influence; ② Only when these transactions are taken together can a complete business result be achieved; ③ The occurrence of one transaction depends on the occurrence of at least one other transaction; ④ It is not economical to consider a transaction alone, but it is economical to consider it in conjunction with other transactions. For transactions that are not part of the package deal, each transaction shall be accounted for in accordance with the principles applicable to the "partial disposal of long-term equity investments in subsidiaries without loss of control" (as detailed in 15 of Note III) and the "loss of control over existing subsidiaries as a result of the disposal of part of the equity investments or other reasons" (as detailed in the preceding paragraph), as appropriate. If the transactions involving the disposal of equity investments in subsidiaries until the loss of control belong to a package deal, the transactions shall be accounted for as a transaction involving the disposal of subsidiaries and the loss of control; However, the difference between each disposal price and the share of the subsidiary's net assets corresponding to the disposal investment prior to the loss of control is recognized in the consolidated financial statements as other consolidated gains and transferred to the profit or loss for the current period of loss of control in the event of loss of control.

## **8 Classification of Joint Venture Arrangements and Accounting Treatment of Joint Operation**

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

obligations for the liabilities, relating to the arrangement. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

The Company's investment in the joint venture is accounted for using the equity method, and shall be treated in accordance with the accounting policy described in Note III, 15 "Long-term Equity Investment Accounted by the Equity Method".

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

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

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

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

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

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

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

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

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

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

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

(3) Translation method for financial statements in foreign currencies

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

The foreign currency financial statements of overseas operations shall be converted into RMB statements in the following ways: the assets and liabilities in the balance sheet shall be converted at the spot exchange rate on the balance sheet date; Except for "undistributed profits", other items of shareholders' equity shall be converted at the spot exchange rate at the time of occurrence. The income and expense items in the profit statement shall be converted at the average exchange rate of the current period

on the date of transaction. The undistributed profit at the beginning of the period shall be the undistributed profit at the end of the period converted from the previous year; The undistributed profits at the end of the year shall be calculated and listed according to the converted profits distribution items; The difference between the converted asset items and the total amount of the liability items and shareholders' equity items shall be recognized as other comprehensive income as the translation difference in the foreign currency statements. In case of disposal of overseas operations and loss of control, the balance in translation of the foreign currency statements related to the overseas operations as shown below in the shareholders' equity items in the balance sheet shall be transferred to the profits and losses of the disposal period in whole or in proportion to the disposal of the overseas operations.

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

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

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

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

## **11. Financial instruments**

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

- (1) Classification, confirmation and measurement of financial assets

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

Financial assets are measured at fair value at initial recognition. For financial assets measured at fair value and whose changes are included in current profits and losses, relevant transaction costs are directly included in current profits and losses. For other types of financial assets, relevant transaction costs are included in the initial recognition amount. Accounts receivable or notes receivable arising from the sale of products or the provision of labor services that do not contain or take into account significant financing components shall be initially recognized by the Company in accordance with the amount of consideration that the Company is expected to be entitled to receive.

① Financial assets measured at amortized cost

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

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

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

In addition, the Company designates some non tradable equity instrument investments as financial assets measured at fair value with changes included in other comprehensive income. The Company shall

record the relevant dividend income of such financial assets into the current profits and losses, and the change of fair value into other comprehensive income. When the financial asset is derecognized, the accumulated gains or losses previously included in other comprehensive income will be transferred from other comprehensive income to retained income and will not be included in current profits and losses.

③ Fair value through Profit and Loss Financial assets

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

(2) Classification, recognition and measurement of financial liabilities

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

① Financial liabilities at fair value through profit or loss

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

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

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

cause or expand accounting mismatch in profits and losses, the Company will include all profits or losses of the financial liabilities (including the impact amount of changes in the credit risk of the enterprise itself) into the current profits and losses.

② Other financial liabilities

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

(3) Basis of Confirmation and Calculation of financial instruments

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

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

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

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

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

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

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

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

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

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

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

Fair value refers to the price that market participants can receive from selling an asset or pay to transfer a liability in an orderly transaction on the measurement date. Where there is an active market for financial instruments, the Company adopts quotations in the active market to determine their fair values. Quoted price in active market refers to the price easily obtained from exchanges, brokers, industry

associations, pricing service agencies, etc. on a regular basis, and represents the price of market transactions actually occurred in fair trading. If there is no active market for financial instruments, the Company uses evaluation techniques to determine their fair values. Evaluation techniques include reference to prices used in recent market transactions by parties familiar with the situation and willing to trade, reference to current fair values of other financial instruments that are substantially the same, discounting cash flow technique, option pricing model, etc. In valuation, the Company adopts valuation techniques that are applicable under current circumstances and are supported by sufficient available data and other information, selects input values that are consistent with the characteristics of assets or liabilities considered by market participants in transactions related to assets or liabilities, and gives priority to the use of relevant observable input values as much as possible. If the relevant observable input value cannot be obtained or it is not impracticable to obtain it, the non-input value shall be used.

#### (7) Equity instruments

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

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

## **12. Impairment of financial assets**

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

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

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

Credit loss refers to the difference between all contractual cash flows receivable according to the contract and all cash flows expected to be collected by the Company discounted according to the original

actual interest rate, i.e. the present value of all cash shortages. Among them, for the financial assets that have been purchased or incurred credit impairment, the Company discounts them according to the actual interest rate adjusted by credit.

The general method of measuring expected credit loss refers to the Company's assessment of whether the credit risk of financial assets has increased significantly since the initial recognition on each balance sheet date. If the credit risk has increased significantly since the initial recognition, the Company will measure the loss reserve by an amount equivalent to the expected credit loss during the entire period. If the credit risk has not increased significantly since the initial recognition, the Company will measure the loss reserve according to the amount equivalent to the expected credit loss in the next 12 months. In assessing the expected credit loss, the Company takes into account all reasonable and evidence-based information, including forward-looking information.

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

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

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

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

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

- 1) Whether there is any significant change in the actual or expected operating results of the debtor;
- 2) Whether there is any significant adverse change in the regulatory, economic or technological environment of the debtor;
- 3) Whether there is any significant change in the value of the collateral or the quality of the guarantee or credit enhancement provided by the third party, which are expected to reduce the economic motivation

of the debtor's repayment according to the time limit stipulated in the contract or affect the probability of default;

4) Whether there is any significant change in the expected performance and repayment behavior of the debtor;

5) Whether there is any significant change in the Company's credit management methods for financial instruments, etc.

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

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

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

1) The issuer or debtor has major financial difficulties;

2) The debtor violates the contract, such as default or overdue payment of interest or principal, etc.;

3) The creditor gives concessions that the debtor will not make under any other circumstances due to economic or contractual considerations related to the debtor's financial difficulties;

4) The debtor is likely to go bankrupt or undergo other financial restructuring;

5) The active market of the financial assets disappears due to the financial difficulties of the issuer or the debtor;

6) Purchase or generate a financial asset at a substantial discount, which reflects the fact that credit losses have occurred.

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

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

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

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

(5) Accounting treatment method for impairment of financial assets

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

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

① Notes receivable

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

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

As for the notes receivables' classified as portfolio, the Company referred to the historical credit loss experience, combined with current situation and forecast for the future economic condition, calculating the expected credit loss. Through risk exposure at default and lifetime expected credit loss,

② Accounts receivable and other receivables

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

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

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

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

Item	Basis for determining portfolio
Portfolio 1	Credit portfolio

As for the receivables classified as portfolio, the Company referred to the historical credit loss experience, combined with current situation and forecast for the future economic condition, calculating the expected credit loss. Through cross reference table between the aging of receivables and lifetime expected credit loss. The aging of receivables is calculated on the date of recognition.

The portfolio of other receivable is recognized as follows:

Item	Basis for determining portfolio
Portfolio 1	Credit portfolio
Portfolio 2	Deposit/margin portfolio
Portfolio 3	The portfolio of reserve fund ledger formed by the Company's staff loan

As for the other receivables classified as portfolio, the Company referred to the historical credit loss experience, combined with current situation and forecast for the future economic condition, calculating the expected credit loss. Through risk exposure at default and lifetime expected credit loss in the coming 12 months. For the other receivables classified as aging, is calculated on the date of recognition.

### 13.Inventory

#### (1) Classification of inventory

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

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

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

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

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

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

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

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

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

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

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

(1) Recognition standards and accounting method treatment for Held-for-sale assets and disposal group

A non-current asset or disposal group is classified as held for sale when its carrying amount will be recovered principally through a sale transaction rather than through continuous use. The following conditions need to be simultaneously met to be classified as held for sale: a non-current asset or to-be-disposed portfolio can be sold immediately under the current conditions based on the practice of selling such asset or to-be-disposed portfolio in similar transactions; the Company has already decided on the sale plan and obtained confirmed purchase commitment; the sale is scheduled to be completed within one year. Among them, a Disposal Portfolio refers to a group of assets that will be disposed of as a whole through sale or other approaches in a transaction, and the liabilities directly associated with these assets

transferred along with the assets in transaction. If the portfolio of assets or group of portfolios of assets is allocated goodwill acquired in business merger in accordance with *Accounting Standards for Business Enterprises No. 8 - Asset Impairment*, the Disposal Portfolio shall include the goodwill allocated to it.

In the event that the book value of a non-current asset or to-be-disposed portfolio that has been designated as held-for-sale category is higher than the net amount of fair value less sales expenses when the non-current asset or to-be-disposed portfolio is initially measured or measured on the balance sheet date, the book value shall be to the net amount of fair value minus sales expenses, and the written-down amount shall be recognized as asset impairment loss and included in current period profit or loss. The provision for impairment loss of the held-for-sale asset shall be accrued. For a Disposal Portfolio, the confirmed impairment loss shall deduct the book value of the goodwill in the Disposal Portfolio, then deduct the book value of the non-current assets determined by the measurement on a pro-rata basis in accordance with the applicable *Accounting Standards for Business Enterprises No. 42 held-for-sale non-current assets, Disposal Portfolio and Termination of Operations* (hereinafter referred to as the "Guide for Held-For-Sale"). In the event of an increase of the book value of the held-for-sale Disposal Portfolio minus sales expenses on the subsequent the balance sheet date, the amount previously written down shall be recovered and be reversed within the mount of the asset impairment loss recognized in the non-current assets measured by the measurement "Guide for Held-For-Sale" after being classified as held for sale asset, the reversal amount shall be included in the current period profit or loss, and the book value of all non-current assets (except for goodwill) determined by the measurement on a pro-rata basis in accordance with the applicable "Guide for Held-For-Sale" shall be increased on a pro-rata basis. The book value of the goodwill that has been deducted and the impairment loss of the assets recognized before the classification of the held-for-sale non-current assets in accordance with the applicable "Guide for Held-For-Sale" shall not be reversed.

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

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

(2) Standards for Determining and Methods for the Presentation of Discontinued Operations.

A component of an entity that either has been disposed of or is classified as held for sale and:

- a) represents a separate major line of business or geographical area of operations,
- b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or
- c) is a subsidiary acquired exclusively with a view to resale.

Net profit from continuing operation and Net profit from discontinued Operation are added under the Item Net Profit of the Profit and Loss Statement, a single amount in the statement of comprehensive income comprising the total of: i) the post-tax profit or loss of continuing operation and discontinued operations. Profit and Loss from the discontinued operation shall listed as Discontinued Operation Profit and Loss, which comprises of the entire reporting period, not only recognized as the reporting period after the termination of the operation.

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

The long-term equity investment refers to in this part refers to the long-term equity investment that the Company has control, joint control or significant influence on the invested entity. The long-term equity investment of the Company that does not have control, joint control or significant impact on the investee shall be accounted as a financial asset measured at fair value with its changes included into the current profits and losses. Among them, if it is non-transactional, the Company may choose to designate it as a financial asset measured at fair value and its changes are included in the accounting of other comprehensive income at the time of initial recognition. For details of its accounting policies, please refer to Note III, 11 "Financial Instruments".

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

#### **(1) Determination of investment cost**

For a long-term equity investment obtained from a combination of businesses under the same control, the apportioned share of the book value in the final controller's consolidated financial statements on the combination date in accordance with the shareholders' equity shall be the initial investment cost of the long-term equity investment. The capital reserve shall be adjusted subject to the difference between the initial investment cost of the long-term equity investment and the cash paid, the non-cash assets transferred, and the book value of the debts assumed; if the capital reserve is insufficient for offsetting, the retained

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

For a long-term equity investment obtained from a combination of businesses not under the same control, the initial investment cost of the long-term equity investment shall be based on the combination cost on the purchase date. The combination cost includes the assets paid by purchaser, the liabilities incurred or assumed, and the sum of the fair value of issued equity securities. Where the equity of combined parties not under the same control is obtained through multiple transactions and a business combination under the same control is formed finally, it shall be treated differentially based on whether it is a "package deal": if it belongs to a "package deal", all transactions will be treated as a transaction that obtains control. If it is not a "package deal", the initial investment cost of the long-term equity investment calculated by the cost method shall be calculated based on the sum of the book value of the equity investment in the original holder and the new investment cost. The original share holding that measured using equity method, the relevant other comprehensive income does temporarily not conduct accounting treatment.

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

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

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

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

① Long-term equity investment based on Cost Method

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

② Long-term equity investment accounted for by Equity Method

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

When accounting with Equity Method, the investment income and other comprehensive income are recognized separately according to the shares of the net profit or loss and other comprehensive income that should be enjoyed or shared, and the book value of the long-term equity investment should be adjusted at

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

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

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

### (3) Acquisition of Minority Equity

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

#### (4) Disposal of long-term equity investment

In the consolidated financial statements, the parent company partially of disposes of the long-term equity investment of the subsidiary without losing control, the difference of the corresponding net assets in the subsidiary between the disposal price and the disposal of the long-term equity investment is included in the shareholders' equity. it shall be treated in accordance with the relevant accounting policies described in “Notes on the preparation of consolidated financial statements” in Note III.7 .

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

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

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

Where the Company loses control over the investee due to disposal of part of its equity investment, when preparing individual financial statements, if the remaining equity after disposal can exercise joint control or exert significant influence on the investee, it shall be accounted for by equity method instead, and the remaining equity shall be adjusted by accounting by equity method when it is deemed to be acquired. If the remaining equity after disposal cannot be jointly controlled or exerts significant influence

on the investee, it shall be accounted for according to the relevant provisions of the financial instrument recognition and measurement criteria, and the difference between the fair value and the book value on the date of loss of control. It is included in the current profit and loss. Before the Company obtains control over the investee, other comprehensive income recognized by equity method accounting or financial instrument recognition and measurement criteria is used to directly dispose of the relevant assets with the investee, accounting treatment based on the same basis as the investee directly disposes of related assets or liabilities when the control of the investee is lost, Accounting is treated on the same basis as the liabilities. Changes in the owner's equity other than net profit or loss, other comprehensive income and profit distribution of the investee's net assets recognized by the equity method are carried forward to the current profit or loss when the control of the investee is lost. Among them, the remaining equity after disposal is accounted for using the equity method. Where the remaining equity after disposal is accounted for by equity method, other comprehensive income and other owner's equity should be settled by proportion. If the remaining equity is accounted for using financial instrument recognition and measurement standard, all of other comprehensive income and other shareholder's equity should be settled.

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

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

## **16. Investment Property**

Investment Property refers to property held for the purpose of earning rent or capital appreciation, or both, including land use rights that have been leased, land use rights that are held and prepared for transfer

after appreciation, and buildings that have been rented. Investment property is initially measured at cost. The expenses related to investment property, if the economic benefits related to this asset are highly probable to flow into the company and the cost can be measured reliably, then the expense will account for as the cost of investment property. Other expenses are accounted for in profit and loss when incurred.

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

For details of the impairment test method and impairment provision method of property, please refer to Note III. 23 “Long-Term Asset Impairment”.

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

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

When an investment real estate is disposed of, or permanently withdrawn from use and is not expected to obtain economic benefits from its disposal, the confirmation of the investment real estate shall be terminated. Disposal income from the sale, transfer, retirement or damage of investment properties is charged to the current profit and loss after deducting its book value and related taxes and fees.

## **17. Fixed Assets**

### **(1) Confirmation conditions for fixed assets**

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

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

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

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

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

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

For details of Impairment test method and impairment provision method for fixed assets, please refer to Note III. 23 “Long-Term Asset Impairment”.

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

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

### (5) Others

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

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

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

### **18. Construction in progress**

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

For details of the impairment test method and impairment provision method for construction in progress, please refer to Note III. 23 “Long-Term Asset Impairment”.

### **19. Borrowing Costs**

Borrowing costs include interest on borrowings, amortization of discounts or premiums, ancillary expenses, and exchange differences arising from foreign currency borrowings. Borrowing costs directly attributable to the acquisition, construction or production of assets eligible for capitalization, capitalization is began when asset expenditures have occurred, borrowing costs have occurred, and the acquisition, construction or production activities necessary to bring the assets to the intended usable or saleable state have begun. And capitalization is stopped when the assets under construction or production that meet the capitalization conditions are ready for their intended use or saleable status. The remaining borrowing costs are recognized as an expense in the period in which they are incurred.

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

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

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

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

## **20. Right-of-use assets**

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

### **(1) Initial accountings**

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

The company recognizes and measures the above costs under Item 4 in accordance with the *Accounting Standards for Enterprises No.13-Contingencies*.

### **(2) Subsequent accounting**

The Company accrued the right-of-use assets according to the *Accounting Standards for Enterprises NO.4-Fixed Assets*. Commencement from the date of lease, the Company shall accrue the right-of-use assets. Generally the right-of-use assets are accrued at the start of the lease date, the expenses of depreciation accrued shall include into relevant asset cost or profit and loss in the current period based on the purpose of right-of-use assets. While recognizing the method of right-of-use assets, the Company shall make decisions on the economic benefit of forecast consumption mode related to the right-of-use assets, accrues the deprecation by straight-line method. When the Company recognize the depreciation period of right-of-use assets, maturity of lease period can be determined in a reasonable and well-grounded manner

on the acquisition of the right-of-use assets, accrued the depreciation in its remaining service life. If the right-of-use lease assets could not be determined reasonably while the service life is mature, depreciation is applied with the short period of time between the lease term and the remaining useful life of the lease asset.

If there is impaired right-of-use assets, the Company shall accrue the subsequent depreciation based on the book value of right-of-use assets after deducting the loss of impairment.

The Company determined not to recognize the right-of-use assets and lease liabilities on the short-term lease (lease term not exceeding 12 months), and recognizes the relevant lease payment during the respective lease term in the current profit and loss or cost of assets relevant in straight line method. Impairment test method and the provision method for diminution in value of right-of-use assets are detailed in Note III 23 “Long-Term Asset Impairment”

## **21. Intangible assets**

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

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

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

(1) Basis for determining the service life, the estimate thereof, and amortization methods and the procedures for reviewing their service life

When recognizing the service life of the intangible assets, being sourced from any contractual right or other statutory rights, its service life shall not exceed the life of contractual rights or other statutory rights. As for the intangible assets not specified either under the contract or legal regulations, the company combined various situations, such as employing relevant professional persons to undergo the justification or make comparison with the situation of the same industry and the historical experience of the Company, determining the future economic benefit service life which is brought by the intangible assets. If the efforts

are made, but could not recognized reasonably that the intangible asset shall bring the economic benefit service life for the Company, then shall treat this as uncertain service life of the intangible asset.

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

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

Item	Amortization period (year)	Amortization method
Trademark	20	Straight-line method
Software	3-10	Straight-line method
Land-use rights	50	Straight-line method

At the end of the period, the useful life and amortization methods of intangible assets with limited useful life are reviewed, and if any change occurs, it is treated as a change of accounting estimate. In addition, the useful life of intangible assets with uncertain service life is also reviewed. If there is evidence that the period for which the intangible assets bring economic benefits to the enterprise is foreseeable, the useful life of intangible assets is estimated and amortized according to the amortization policy of intangible assets with limited useful life

## (2) Research and development expenditure

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

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

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

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

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

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

For details of the impairment test method and impairment provision method, please refer to Note III. 23 “Long-Term Asset Impairment”.

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

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

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

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

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

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

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

#### **24. Employee Compensation**

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

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

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

If the labor relationship with the employee is terminated before the employee's labor contract expires, or if the employee is encouraged to accept the reduction voluntarily, when cannot withdrawing unilaterally the dismissal benefits provided by the termination of the labor relationship plan or the reduction proposal, and when confirming the costs associated with the restructuring involving the payment of the dismissal

benefits, whichever is earlier, the Company will recognize the employee compensation liabilities arising from the dismissal benefits, and included in the current profit and loss. However, if the dismissal benefits are not expected to be fully paid within 12 months after the end of annual reporting period, they shall be treated in accordance with other long-term employee compensations.

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

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

## **25. Estimated liabilities**

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

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

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

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

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

### **(2) Restructuring Obligations**

For restructuring plans that are detailed, formal, and have been announced to the public, the amount of the estimated liabilities are determined based on the direct expenses related to the reorganization,

subject to the recognition conditions of the aforementioned estimated liabilities. For the restructuring obligation to the part of business sold, the obligation related to the reorganization is confirmed only when the company promises to sell part of the business (that is, when the binding sale agreement is signed).

## 26. Share-based Payments.

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

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

#### ① Equity-settled Share Payment

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

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

In the case of equity-settled share-based payments in exchange for other parties' services, if the fair value of other parties' services can be reliably measured, the fair value of other services shall be measured at the fair value on the date of acquisition; If the fair value of the other party's services cannot be measured reliably, the fair value shall be measured at the fair value of the equity instrument at the date the service is acquired, and is included in the relevant cost or expense, which increases the shareholders' equity accordingly.

#### ② Cash-settled Share Payment

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

balance sheet date of the waiting period, according to the fair value of the liabilities assumed by the company, the services obtained in the current period are included in the cost or expense, and the liabilities are increased accordingly.

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

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

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

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

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

In respect of the share-based payment transaction between the company and the shareholders or actual controllers of the company, If one of the settlement enterprise and the service receiving enterprise is in the company and the other is outside the company, it shall be accounted for in the consolidated financial statements of the company according to the following provisions:

① If the settlement enterprise settles with its own equity instrument, the share-based payment transaction shall be treated as equity-settled share-based payment; otherwise, it shall be treated as a cash-settled share-based payment.

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

② If the serviced enterprise has no settlement obligation or grants its own employees the equity instruments, the share payment transaction shall be treated as equity-settled share payment; if the serviced enterprise has settlement obligation and grants its employees other than its own equity instruments, the share payment transaction shall be treated as a cash-settled share payment.

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

## **27. Revenue**

The term “revenue” refers to the gross inflow of economic benefits arising in the course of the ordinary activities of an enterprise, which may increase of the shareholder's equities and is irrelevant to the capital of the shareholder. When the company signs a contract, it evaluates the contract, identifies the individual performance obligations contained in the contract, and determines whether the individual performance obligations are performed within a certain period of time or at a certain point of time. When the company has fulfilled all the performance obligations in the contract, the revenue shall be recognized respectively according to the transaction price apportioned to the performance obligations. A contract with a customer generally explicitly states the goods or services that an entity promises to transfer to a customer. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

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

For the performance obligations performed in a certain period of time, such as the services provided, the company adopts the input method to determine the appropriate performance progress, and recognizes the revenue according to the performance progress in that period of time. On the balance sheet date, the company shall recognize the current income according to the total transaction price of the contract

multiplied by the progress of performance minus the accumulated recognized income. If one of the following conditions is satisfied, it is regarded as the performance obligation performed during a certain period of time: the Customer obtains and consumes the economic benefits arising from the performance of the Company at the same time of the performance of the Company; Customers can control the goods under construction during the performance of the contract; The products produced by the Company during the performance of the Contract are of irreplaceable use, and the Company shall be entitled to receive payment for the accumulated part of the completed performance so far during the whole term of the Contract. Otherwise, the Company recognizes revenue at the point when the Customer acquires control of the relevant goods or services.

Where the contract contains two or more performance obligations, an entity shall, on the commencement date of the contract, allocate the transaction price to each performance obligation identified in the contract on a relative standalone selling price basis. Except when an entity has observable evidence that the entire discount relates to only one or more, but not all, performance obligations in a contract, the entity shall allocate a discount proportionately to all performance obligations in the contract. Stand-alone selling price refers to the price of the goods or services sold by the Company to the customer separately. If the stand-alone selling price cannot be directly observed, the Company shall take into account all relevant information reasonably available and estimate the stand-alone selling price by observable input values to the maximum extent

As for the sales with quality guarantee, except for it guarantees the product on sale of service meets the designated standards to the customer, providing a single separate service, this quality guaranteed composes the single performance obligation. Otherwise, the Company shall treat the accounting method on quality guarantee obligations in accordance with the Enterprise Accounting Standards No.13-Contingencies.

If the contract comprised of significant financing elements, the Company shall recognizes the amount of payables in cash to determine the trading price based on the assumption that the customer obtains the products or service control rights. The difference between the price stipulated in the contract or agreement and its contract consideration shall be amortized within the period of the contract or agreement. through the real interest method. As a practical expedient, an entity need not adjust the promised amount of consideration for the effects of a significant financing component if the entity expects, at contract inception, that the period between when the entity transfers a promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The Company justifies the trading identity is the major responsible person or on behalf based on whether it has the control right to the product or the service before transferring the products or service to

the customer. As the major responsible person of the Company, shall recognizes the revenue based on the total consideration of the amount received or receivable. Otherwise, as the agent of the Company, shall recognizes the revenue based on the expected right of obtaining the commission or service charge, which is calculated as the total consideration on the amount received or receivable deducting the net amount payable to other related parties or recognizes on the amount of commission or proportion etc.

The Company received the amount of products sales or service in advance, shall recognizes it as liabilities in the first, then accounted as revenue upon fulfilling relevant performance obligations.

The Company has transferred the products or service to its clients and has rights to obtain the considerations (and this rights is obliged to other elements of passing time) listed as the contractual assets. Contractual assets are accrued the devaluation provision based on the expected credit loss. The Company has the unconditional rights (only depends on the passing of time) to its customer for obtaining the considerations, listed as item receivables. The consideration of amount received or receivable, which is obtained to its customer, shall transfer product or service obligation to them, listed as contractual liabilities.

The detailed accounting policies related to the major activities of obtaining the revenue of the Company

(1) Sales processing

The production and processing sales comprise mainly of sales of oils an oilseeds, food etc. The Company recognized the sales revenue when the amounts received or identification obtained upon sales, which has been submitted and signed by the customer.

(2) Trading Revenue

If the Company obtained the product control rights from the third party and transferred to the client, assumed the significant obligations under the transaction of transferring the products to the client. i.e. inventory risk, and has rights to determine the price of the products oneself. The identity of the Company under the transaction is the major responsible person, recognizing the trading revenue based on the expected rights for obtaining the total consideration stipulated on the contract. The Company made commitment to arrange others to provide specific products, but has no control rights on this before providing the specific products to clients. The identity of the Company under the transaction is agent, recognizing the revenue on the commission obtained or service amount for arranging others to provide the specific products to clients.

**28. Contract cost**

Contract cost comprises contract performance cost and contract acquisition cost.

The cost incurred by the company for the performance of the contract, which does not fall within the scope of other accounting standards for business enterprises other than the income standard and meets the following conditions at the same time, is recognized as an asset as the contract performance cost:

- (1) The cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing expenses (or similar expenses), costs explicitly borne by the customer and other costs incurred solely as a result of the contract;
- (2) The cost increases the company's resources for fulfilling its performance obligations in the future;
- (3) The cost is expected to be recovered.

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

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

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

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

## **29. Government grants**

Government grant refers to the company's acquisition of monetary and non-monetary assets from the government free of charge, excluding the capital invested by the government as an investor and enjoying the corresponding owner's rights and interests. Government grants include assets-related grants and revenue-related grants. The company defines the government grant obtained for the purchase and construction of long-term assets or for the formation of long-term assets in other ways as the government grant related to assets; the remaining government grant is defined as the government grant related to income. If the object of grants is not specified in government documents, the grants shall be divided into income-related government grants and assets-related government grants in the following ways: (1) If the government document clarifies the specific project for which the grant is targeted, the proportion of the expenditure amount of the assets to be formed and the amount of the expenditures included in the expenses in the budget of the specific project are divided, and the proportion of grant division needs to be reviewed

on each balance sheet day and changed if necessary. (2) In government documents, if the purpose is expressed only in general terms and no specific project is specified, the grant shall be regarded as a government grant related to the income. Where a government grant is a monetary asset, it shall be measured according to the amount received or receivable. If the government grants are non-monetary assets, they shall be measured at the fair value; if the fair value cannot be obtained reliably, they shall be measured at the nominal amount. Government grants measured in nominal amounts shall be recognized directly in current profits and losses.

The Company usually confirms and measures the government grant according to the amount when it is actually received. However, if there is conclusive evidence at the end of the period that the relevant conditions stipulated in the financial support policy can be met and the financial support funds are expected to be received, it shall be measured according to the amount receivable. Government grants measured in accordance with the amount receivable shall meet the following conditions at the same time: (1) The amount of the subvention receivable has been confirmed by the authorized government departments, or can be reasonably calculated according to the relevant provisions of the formally issued financial fund management measures, and there is no significant uncertainty in the amount expected; (2) According to the "Regulations on the Openness of Government Information" that the local financial department officially released and in accordance with the provisions of the "Regulations on the Openness of Government Information," the financial support project and its financial fund management measures should be inclusive (any eligible enterprise can apply for them), rather than being specifically tailored to specific companies; (3) The relevant grant approval has clearly promised the payment period, and the allocation of the payment is guaranteed by the corresponding budget, so it can be reasonably ensure that it can be received within the prescribed time limit; (4) Other relevant conditions (if any) to be met in accordance with the specific circumstances of the Company and the grants.

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

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

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

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

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

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

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

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

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

On the balance sheet date, the current income tax liabilities (or assets) formed in the current and previous periods are measured by the expected amount of income tax payable (or returned) in accordance with the provisions of the Tax Law. The amount of taxable income on which current income tax expenses are calculated is based on the corresponding adjustment of pre-tax accounting profits in the reporting period in accordance with the relevant tax laws.

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

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

Taxable temporary differences which related to the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction that is neither a business combination nor an

accounting profit or taxable income (or deductible loss), relevant deferred income tax liabilities shall not be recognized. In addition, for taxable temporary differences related to investments in subsidiaries, associates and joint ventures, if the Company is able to control the turnaround time of temporary differences, and the temporary difference is unlikely to be reversed in the foreseeable future, the related deferred income tax liabilities shall not be recognized. Except for the above exceptions, the Company recognizes all other deferred income tax liabilities arising from taxable temporary differences.

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

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

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

On the balance sheet date, the book value of deferred income tax assets is reviewed. and the book value of deferred income tax assets is written down if it is likely that sufficient taxable income will not be available to offset the benefits of deferred income tax assets in the future. When it is possible to obtain sufficient taxable income, the amount written down shall be reversed.

### (3) Income tax expenses

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

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

#### (4) Offset of Income Tax

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

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

### 31. Lease

On the commencement date of a contract, an enterprise shall assess whether the contract is a lease or includes a lease. Where a party to a contract transfers the right to control the use of one or more identified assets for a certain period of time in return for consideration, the contract is a lease or includes a lease. To determine whether the right to control the use of identified assets within a certain period of time under a contract has been transferred, an enterprise shall assess whether a client in the contract has the right to use almost all of the economic benefits arising from the use of the identified assets during the period of use, and has the right to dominate the use of identified assets during this period of use.

Where a contract concurrently contains multiple separate leases, the lessee and lessor shall split the contract and conduct accounting treatment respectively for all separate leases.

Where the following conditions are concurrently met, use of the rights of identified assets shall constitute a separate lease in a contract:

① A lessee may earn profits from separate use of the assets or joint use with other resources readily available.

② There is no high dependence or high correlation between the assets and other assets in the contract.

Where a contract concurrently includes both leased and non-leased parts, the Company, as the lessee and lessor, shall split the leased and non-leased parts to conduct accounting treatment.

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

The main types of leased assets of the company include houses and buildings, transportation equipment and land use rights etc.

### 1) Initial measurement

At the beginning of the lease period, the Company recognizes its right to use the leased assets during the lease period as a right-of-use asset, recognition of the present value of outstanding lease payments as lease liabilities, except short-term and low-value asset leases. In calculating the present value of the lease payment, the Company uses the interest rate included in the lease as the discount rate. Where the interest rate included in the lease cannot be determined, the Company uses the incremental borrowing rate as the discount rate

The lease period is the irrevocable period during which the Company is entitled to use the lease assets. Where the Company has the option to renew the lease, that is, the right to choose to renew the lease of the asset, and reasonably determines that the option will be exercised, The lease period also includes the period covered by the lease renewal option. The Company has the option to terminate the lease, that is, the right to terminate the lease of the asset, Provided that it is reasonably determined that the option will not be exercised, the lease period includes the period covered by the option to terminate the lease. Where a material event or change within the control of the Company occurs and affects whether the Company reasonably determines that the appropriate option will be exercised... The Company will determine to exercise the option of renewing the lease, re-evaluation of the option to purchase or not to exercise the option to terminate the lease on its reasonability.

### 2) Subsequent measurement

The Company adopts the straight-line method to depreciate the right to use assets. Where it is reasonable to determine that the leased assets are to be owned upon expiry of the lease term, the Company shall calculate the leased assets within the remaining useful life of the leased assets. If the ownership of the leased assets upon expiry of the lease term is unable to be reasonably determined, the Company shall accrue depreciation within a short period of time between the lease term and the remaining useful life of the leased assets. The interest expenses of the lease liabilities for each period of the lease term at the discount rate is recognized by the Company and shall be included into the current profit or loss. Variable lease payments that are not included in the leasehold liability measure are included in the current profit and loss at the time of actual incurrence.

After commencement of the lease period, when there is a change in the amount of substantial fixed payments and the amount due to which the guarantee balance is expected, changes in indices or ratios used to determine rental payments, where the assessment of purchase options, the renewal option or termination option or actual exercise of the option changes, the Company re-measures the lease liabilities according to the present value of the change in lease payments, and adjust the book value of the right to use assets accordingly. If the book value of the right to use assets has been reduced to zero, but the lease liability still needs to be further reduced, the Company will record the remaining amount in the current profit or loss.

### 3) Lease change

Lease modification refers to the modification of the lease scope, lease consideration and lease term beyond the terms of the original contract, including increasing or terminating the right to use one or more leased assets, extending or shortening the lease term specified in the contract, etc.

If the lease changes and the following conditions are met, the Company will account for the lease change as a separate lease:

① The lease change expands the scope of the lease by adding the right to use one or more leased assets;

② The increased consideration is equivalent to the separate price for the extended portion of the lease, adjusted for the circumstances of the contract.

If the lease change is not accounted for as a separate lease, on the effective date of the lease change, the Company redetermines the lease term and discounts the changed lease payment at the revised discount rate to remeasure the lease liability. In calculating the present value of the lease payment after the change, the Company uses the inherent interest rate of the lease during the remaining lease term as the discount rate; If the inherent interest rate of the lease for the remaining lease term cannot be determined, the Company's incremental borrowing rate on the effective date of the lease change shall be used as the discount rate.

The Company accounts for the impact of the above adjustment of lease liabilities in the following cases:

① If the lease change results in the reduction of the lease scope or the shortening of the lease term, the Company shall reduce the book value of the right of use assets to reflect the partial or complete termination of the lease. The Company recognises gains or losses related to partial or complete termination of the lease in profit or loss for the current period.

② For other lease changes, the company shall adjust the book value of the right to use assets accordingly

### 4) Short-term leases and leases of low value assets

The Company will consider a lease for a period not exceeding 12 months and excluding a purchase option as a short-term lease on the commencement date of the lease term; A lease with a lower value when a single leased asset is a new asset is identified as a low-value asset lease. Where the Company subleases or intends to sublease leased assets, the original lease is not deemed to be a low-value asset lease. The relevant asset cost or current profit or loss is recognised on a straight-line basis during each period of the lease term, and the contingent rent is recognised in current profit or loss when actually incurred

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

The lease commencement date essentially transfers almost all the risks and rewards associated with the ownership of the leased asset to finance leases, and all other leases are operating leases

1) Operating lease

The rental income of operating lease shall be recognized as current profit and loss according to the straight-line method during each period of the lease period. The larger initial direct expenses are capitalized when occurring, and the profits and losses of the current period shall be recorded in stages on the same basis as the recognized rental income during the whole lease period; the smaller initial direct expenses shall be recorded in the profits and losses of the current period when occurring. Contingent rentals shall be included in current profits and losses when actually occurring.

2) Finance lease

At the beginning date of the lease term, the Company recognizes the financial lease payment receivable for the financial lease and terminates the recognition of the financial lease assets. When the Company makes the initial measurement of the financial lease receivable, the net lease investment is taken as the recorded value of the financial lease receivable. The net lease investment is the sum of the unsecured balance and the present value of the lease proceeds not yet received at the commencement date of the lease term, discounted at the intrinsic interest rate of the lease. The Company calculates and recognizes interest income for each period of the lease term based on the inherent interest rate of the lease.

The Company presents financial lease receivables as long-term receivables, and financial lease receivables received within one year (including one year) from the balance sheet date are presented as non-current assets maturing within one year.

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

(1) Hedge accounting

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

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

(2) Fair value hedging

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

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

### 33. Significant accounting judgments and estimates

There is no significant change on the accounting judgments and estimates

## IV. Taxes

### 1. Main Taxes and Tax Rates

Types	Tax Basis	Tax Rate
Value Added Tax	After deducting the allowable amount of input tax deducted in the current period, the difference between the sales of goods, taxable services and taxable services income calculated in accordance with the provisions of the Tax Law is the taxable value-added tax.	1%、3%、5%、6%、9%、10%、13%
Urban Maintenance & Construction Tax	According to the actual value-added tax	7%、5%
Extra charges of education funds	According to value added tax and consumption tax on the basis of actual payment	3%
Local Extra Charges of Education Funds	According to value added tax and consumption tax on the basis of actual payment	2%
Corporate Taxes	According to taxable income	25%、20%、17%、15%
Property Tax	According to 70% of original value of the real estate (or rental income) as the tax base; according to the original value of the real estate deducted 30% at a time.	12%、1.2%

Representation on tax payers of different enterprise income tax rates:

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

## 2. Preferential tax

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

The grade-3 subsidiary Beijing Tianweikang grease Distribution center Co., Ltd., is exempt from stamp duty on the capital account book in accordance with the Announcement on the Continuation of the Preferential Tax Policies of Part of the National Commodity Reserves issued by Beijing Municipal Bureau of Finance and the State Taxation Bureau of Beijing Municipal Taxation Bureau (Beijing Finance Taxation Bureau [2022] No. 1230) (No. 8 2022). Stamp duty shall be exempted from the purchase and sale contracts signed in the course of undertaking commodity reserve business, and stamp duty payable by other parties to the contract shall be levied according to the regulations. Property tax and urban land use tax shall be exempted from the property tax and urban land use tax for the self-use of the property and land that undertakes commodity reserve business. The notice will be enforced from January 1, 2022 to December 31, 2023.

Jingliang (Singapore) International Trade Co., Ltd., a grade-3 subsidiary of the Company, levies taxes on the principle of territoriality. The company is taxed on the territoriality principle. According to Singapore's preferential tax policy, the company enjoys tax exemption plan is as follows: for the first SGD\$10,000 of taxable income amount the taxable income amount shall be reduced by SGD\$7,500; for the portion between SGD\$10,001 and SGD\$200,000, the taxable income amount shall be reduced by SGD\$95,000; For the portion exceeding SGD\$200,001, the taxable income amount shall not be reduced. The company shall pay income tax at the rate of 17% on the taxable income amount after exemption.

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

In accordance with the relevant provisions of Ministry of Finance and State Administration of Taxation “Notice on Preferential Enterprise Income Tax Policies for Employment of Persons with Disabilities”(Cai Shui[2009] No.70), Hangzhou Linan Little Angel Food Co., Ltd. , a grade-4 subsidiary company of the Company: Where an enterprise employs persons with disabilities, on the basis of

deduction according to the wages paid to the disabled workers, it may deduct the amount of taxable income according to 100% of the wages paid to the disabled workers.

Linqing Little Prince Food Co., Ltd., a grade-4 subsidiary of the company, shall be subject to 50% of the sales revenue on the basis of the stamp tax payable in the industrial procurement link and sales link in the purchase and sale contract of industrial enterprises according to the announcement No.10, 2018 issued by Shandong Provincial Tax Bureau. The base of stamp duty payable in 2023 shall be calculated according to 50% of the sales revenue.

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

The grade-4 subsidiary-Hangzhou Lin'an Chunmanyuan Agricultural Development Co., Ltd. , according to the Announcement of the State Administration of Taxation on Matters Relating to the Implementation of Preferential Income Tax Policies to Support the Development of Small and Micro-profit Enterprises and Individual Entrepreneurs and State Administration of Taxation Announcement (No. 6 [2023]). The company meets the requirements for identification as a small and micro enterprise, and the preferential policies applicable in 2023 are as follows: for enterprises with annual taxable income not exceeding RMB1 million The part of the annual taxable income of small and medium-sized enterprises shall be reduced by 25% of the taxable income and the enterprise income tax shall be calculated at a tax rate of 20%.

The grade-3 subsidiary Zhejiang Xiaowangzi Foodstuff Co., Ltd. and the grade-4 subsidiary company-Hangzhou Linan Little Angel Food Co., Ltd. ,are entitled to enjoy the urban land use tax reduction policy of unified implementation of classification and grading for taxpayers in the manufacturing industry within the province (including Ningbo City) according to the provisions of the General Office of the People's Government of Zhejiang Province Document No. 62 of 2019, and enjoy 100% and 80% reduction of urban land use tax for Class A and Class B enterprises respectively until December 31, 2022, with the maximum reduction of 100% and 80% of the urban land use tax payable by the Unit for the year.

The grade-2 subsidiary, Jingliang (Beijing) Food Marketing Management Co., LTD., the grade-4 subsidiary, Linqing Little Prince Food Co., LTD.and Hangzhou Linan Chunmanyuan Agricultural Development Co., LTD., are applicable to the fiscal and tax No.12 [2023] issued by the State Administration of Taxation of the Ministry of Finance on the Further Supporting the Development of

Micro and Small Enterprises and Individual Industrial and Commercial Households (No. 12 [2023]). The company meets the requirements for identification as a small and micro enterprise, and the preferential policies applicable in 2023 are as follows: "For small-scale VAT taxpayers, small and low-profit enterprises and individual industrial and commercial households, resource tax (excluding water resource taxation), urban maintenance and construction tax, property tax, urban land use tax, stamp tax (excluding stamp tax on securities transactions), cultivated land occupation tax, education fee surcharge and local education surcharge may be reduced within the 50% tax range.

The grade-2 subsidiary of the company-Jingliang Caofeidian Agricultural Development Limited, according to the document JTCFDST(2018) No. 1539765025415 issued by tax authority of Caofeidian District, Tangshan, affiliated to State Administration of Taxation, and also followed the rules in Law of the People's Republic of China on the Administration of Tax Collection, The Implementation Guideline of Law of the People's Republic of China on the Administration of Tax Collection, the rice under the brand of Tixiang produced by Caofeidian company is exempted from VAT.

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

## V. Notes on Items in Consolidated Financial Statements

Note: The 'Opening Balance' of the period refers to January 1, 2023 and the 'Closing Balance' of the period refers to December 31, 2023. The prior period refers to the year 2022 and the current period refers to the year 2023.

### 1. Monetary funds

Items	Closing Balance	Opening Balance
Cash	9,949.26	10,693.10
Bank Deposits	533,387,412.58	201,602,248.02
Other Currency Funds	119,931,760.14	19,913,001.31
Deposit in the Financial Company	890,056,629.88	339,487,167.33
Total	1,543,385,751.86	561,013,109.76
Among them: the total amount of money deposited abroad	3,113,810.75	16,585,678.20

**2. Transactional financial assets**

Items	Closing Balance	Opening Balance
Financial assets measured at fair value with changes included in current profits and losses		11,005,983.98
Among them: debt instrument investment		11,005,983.98
Total		11,005,983.98

**3. Derivative financial assets**

Items	Closing Balance	Opening Balance
Hedging instrument floating profit and loss	31,684,620.00	201,549.12
Total	31,684,620.00	201,549.12

**4. Accounts Receivable**

(1) Disclosed according to aging

Aging	Closing Balance	Opening Balance
Within 1 Year (including 1 year)	96,507,223.82	53,353,692.33
1 to 2 years (including 2 years)	762,767.27	18,692,634.64
2 to 3 years (including 3 years)	18,497,856.00	7,499,480.04
3 to 4 years (including 4 years)	7,499,480.04	
4 to 5 years (including 5 years)		
More than 5 years	328,259.50	328,259.50
Total	123,595,586.63	79,874,066.51

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

Type(s)	Closing Balance				Book Value
	Book Balance		Bad Debt Provision		
	Amount	Ratio(%)	Amount	Provision Ratio(%)	
Separate provision for bad debts	328,259.50	0.27	328,259.50	100.00	
Portfolio provision for bad debts	123,267,327.13	99.73	7,486,954.58	6.07	115,780,372.55
Total	123,595,586.63		7,815,214.08		115,780,372.55

(Continued)

Type(s)	Opening Balance				Book Value
	Book Balance		Bad Debt Provision		
	Amount	Ratio(%)		Provision Ratio(%)	
Separate provision for bad debts	328,259.50	0.41	328,259.50	100.00	
Portfolio provision for bad debts	79,545,807.01	99.59	2,488,360.15	3.13	77,057,446.86
Total	79,874,066.51	—	2,816,619.65	—	77,057,446.86

## A. Separate provision for bad debts

Name	Closing Balance			
	Accounts Receivable	Bad Debt Provision	Provision Ratio	Provision Reason
Fujian Jingxin Industrial Group Co., Ltd	151,844.00	151,844.00	100.00	expected unrecoverable
Beijing Guotai Pingan Tianzhu Commercial Development Co., Ltd.	1,809.60	1,809.60	100.00	expected unrecoverable
Beijing Rongfa Lida Grain and Oil Trade Co., Ltd.	163,143.00	163,143.00	100.00	expected unrecoverable
Beijing Guotai Pingan Department Store Co., Ltd	10,862.90	10,862.90	100.00	expected unrecoverable
Beijing Shunyi Longhua Shopping Mall	600.00	600.00	100.00	expected unrecoverable
Total	328,259.50	328,259.50	—	—

## B. Portfolio provision for bad debts

Portfolio provision Items are as follows:

Name	Closing Balance		
	Accounts receivable	Bad Debt Provision	Provision Ratio
Credit Risk Portfolio	123,267,327.13	7,486,954.58	6.07
Total	123,267,327.13	7,486,954.58	6.07

(Continued)

Name	Opening Balance		
	Accounts receivable	Bad Debt Provision	Provision Ratio
Credit Risk Portfolio	79,545,807.01	2,488,360.15	3.13

Total	79,545,807.01	2,488,360.15	3.13
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## (3) details of bad debt provision

Items	Opening Balance	The amount changed for the period				Closing Balance
		Addition	Withdrawal or reversal	Write-off	Other changes	
Bad debt provision on individual basis	328,259.50	127,412.16		127,412.16		328,259.50
Credit impairment loss	2,488,360.15	4,998,594.43				7,486,954.58
Total	2,816,619.65	5,126,006.59		127,412.16		7,815,214.08

## (4) Accounts receivable actually written off in the current period

Items	Write-off amount
Actual write-off of accounts receivable	127,412.16

## (5) Accounts Receivable of the Top 5 Balances Collected by Debtors and contractual assets situations at the End of the Period

Name of Entity	Accounts receivable	Contract Assets Ending Balance	Ending Balance of Receivables and Contract Assets	Proportion of Ending Balance of Receivables and Contract Assets(%)	Bad Debt Provision
Nanhai Oil & Grease (Chiwan)Co., Ltd.	42,571,623.60		42,571,623.60	34.44	
Tangshan Caofeidian District Finance Bureau	25,997,336.04		25,997,336.04	21.03	7,449,311.22
Zhejiang Lvqin Supply Chain Management Co., Ltd	8,306,036.47		8,306,036.47	6.72	
Beijing Yangu Grease&Oil purchase and sale Co.,Ltd.	6,587,142.65		6,587,142.65	5.33	
Hebei Luanping Huadu Food Co., Ltd	3,619,958.60		3,619,958.60	2.93	
Total	87,082,097.36		87,082,097.36	70.45	7,449,311.22

Note: Nanhai Oil & Grease (Chiwan) Co., Ltd, has received Rmb42,571,623.60 of receivables in this period in Jan 2024

**5. Accounts receivable Financing**

## (1) Presented and sorted by category

Item	Closing Balance	Opening Balance
Notes receivable	2,502,308.90	
Total	2,502,308.90	

(2) The ending notes receivable that have been endorsed or discounted and not expired on balance sheet date.

Item	Amount derecognized as at the end of the reporting period	Amount not derecognized as at the end of the reporting period.
Banker's Acceptance	23,902,737.88	
Total	23,902,737.88	

## 6. Advanced Payment

(1) Advances are presented by age

Aging	Closing Balance		Opening Balance	
	Amount	Ratio(%)	Amount	Ratio(%)
Within 1 year (including 1 year)	87,352,234.48	100.00	194,490,369.48	100.00
1 to 2 years (including 2 years)			5,278.58	
Total	87,352,234.48	100.00	194,495,648.06	100.00

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

Debtor Name	Closing Balance	Ratio of the total Closing Balance of prepayments (%)
Tianjin Lingang Customs of the People's Republic of China	35,030,503.37	40.10
Tuofu International Trade (Shanghai)Co.Ltd.	25,329,796.12	29.00
Louis Dreyfus (Tianjin) International Trade Co., Ltd	9,095,649.83	10.41
China Grains Reserve Zhenjiang Grain and Oil Co., Ltd	8,192,403.18	9.38
Jiangsu Jianghai Grease & Oil Group Co. Ltd.	5,106,000.00	5.85
Total	82,754,352.50	94.74

## 7. Other Receivables

Item(s)	Closing Balance	Opening Balance
Other Receivables	303,099,589.59	444,523,698.48
Total	303,099,589.59	444,523,698.48

### (1) Other Receivables

#### A. Disclosed according to aging

Aging	Closing Balance	Opening Balance
Within 1 Year (including 1 year)	301,234,542.67	435,828,243.19
1 to 2 years (including 2 years)	641,412.67	7,333,429.30
2 to 3 years (including 3 years)	144,888.00	741,388.00
3 to 4 years (including 4 years)	459,888.00	88,638.00
4 to 5 years (including 5 years)	88,638.00	101,999.99
More than 5 years	531,999.99	430,000.00
Total	303,101,369.33	444,523,698.48

#### B. Classification of other receivables by nature of funds

Nature of Funds	Book Balance at End of Period	Book Balance at Beginning of Year
Deposit and Guaranteed Deposit	301,372,189.38	436,908,577.53
Intercourse Funds of Units	502,432.60	5,728,584.30
Employee Receivables	840,868.84	1,051,023.02
Tax Refund Receivables		548,483.77
Others	385,878.51	287,029.86
Total	303,101,369.33	444,523,698.48

#### C. Details about allowance for bad debt

Provision for bad debt	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss in the next 12 months	Expected credit loss for the whole period (no credit impairment)	Expected credit loss for the whole period (with credit impairment)	
Amount on 1 <sup>st</sup> January 2023				
Carrying amount on 1 <sup>st</sup> January 2023 that in this period:				
—Get into Stage 2				
—Get into Stage 3				
—Get back to Stage 2				

Provision for bad debt	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss in the next 12 months	Expected credit loss for the whole period (no credit impairment)	Expected credit loss for the whole period (with credit impairment)	
—Get back to Stage 1				
Provision for the period	1,779.74			1,779.74
Reverse for the period				
Transfer for the period				
Write off for the period				
Other changes				
Amount on 31 <sup>st</sup> December 2023	1,779.74			1,779.74

## D. Details of bad debt provision

Type	Carrying amount at the beginning	Amount changes for the period				Carrying amount at the end
		Addition	Withdrawal or reversal	Write-off	Other changes	
Credit impairment loss		1,779.74				1,779.74
Total		1,779.74				1,779.74

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

Name of Organization	Balance at End of Period	Proportion in overall Closing Balance of other receivables (%)	Nature of Funds	Aging	Closing Balance of bad debt reserves
Zhongtian Futures Co. Ltd	149,616,973.10	49.36	Futures margin	Within 1 year	
R.J. O'Brien & Associates, LLC	60,753,187.26	20.04	Futures margin	Within 1 year	
Haitong Futures Co., Ltd	60,223,948.50	19.87	Futures margin	Within 1 year	
Beijing Capital Futures Co., Ltd	18,094,235.00	5.97	Futures margin	Within 1 year	
SDIC Capital Co.,Ltd.	8,050,064.90	2.66	Futures margin	Within 1 year	
Total	296,738,408.76	97.90			

## 8. Inventory

## (1) Inventory Category

Items	Closing Balance
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	Book Balance	Inventory Falling Price Reserves/ Provision for impairment of contract performance cost.	Book Value
Raw Materials	324,815,755.86	82,063.38	324,733,692.48
Inventory goods	1,122,785,703.06	1,743,754.31	1,121,041,948.75
Revolving Materials	5,049,542.63		5,049,542.63
Goods and materials in transit	591,034,959.25		591,034,959.25
Total	2,043,685,960.80	1,825,817.69	2,041,860,143.11

(Continued)

Items	Opening Balance		
	Book Balance	Inventory Falling Price Reserves/ Provision for impairment of contract performance cost.	Book Value
Raw Materials	445,721,945.85	4,599.51	445,717,346.34
Inventory goods	1,081,693,725.26	44,208,166.31	1,037,485,558.95
Oil reserve	248,197,500.00		248,197,500.00
Revolving Materials	5,267,896.63		5,267,896.63
Goods and materials in transit	337,276,381.65		337,276,381.65
Total	2,118,157,449.39	44,212,765.82	2,073,944,683.57

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

Items	Balance at Beginning of Year	Increased Amounts in the Current Period	
		Accrual	Others
Raw material	4,599.51	82,063.38	
Stock Goods	44,208,166.31	29,104,942.87	
In total	44,212,765.82	29,187,006.25	

(Continued)

Items	Decreased Amounts in the Current Period		Balance at End of Period
	Recover or Charge Off	Others	
Raw material	4,599.51		82,063.38
Stock Goods	71,569,354.87		1,743,754.31
In total	71,573,954.38		1,825,817.69

## (3) Stock Goods listed by major product type

Items	Closing Balance		
	Book Balance	Falling Price Reserves	Book Value
Grease and oils	1,097,527,087.36	1,598,094.34	1,095,928,993.02
Food	25,258,615.70	145,659.97	25,112,955.73
Total	1,122,785,703.06	1,743,754.31	1,121,041,948.75

(Continued)

Items	Opening Balance		
	Book Balance	Falling Price Reserves	Book Value
Grease and oils	1,048,142,485.94	44,023,263.60	1,004,119,222.34
Food	33,551,239.32	184,902.71	33,366,336.61
Total	1,081,693,725.26	44,208,166.31	1,037,485,558.95

**9. Non-current assets due within one year**

Items	Balance at End of Period	Balance at Beginning of Period
One-year term deposits	22,188,083.34	148,387,894.16
In total	22,188,083.34	148,387,894.16

**10. Other Current Assets**

Items	Balance at End of Period	Balance at Beginning of Period
Pending Deduct VAT Input Tax	57,549,582.61	45,572,085.33
Pre-paid Taxes and Fees	16,226,031.95	15,477,676.61
Input Tax to Be Certified	202,103.63	
Fair Value Changes of Items Trapped at Hedging	238,358,924.24	165,881,137.81
Financial Products		405,999,000.00
In total	312,336,642.43	632,929,899.75

## 11. Long-term Equity Investment

### Details

Invested Entity	Balance at Beginning of Year	Increase or Decrease in the Current Period				
		Additional Investment	Negative Investment	Confirmed Profit and Loss on Investment under Equity Method	Adjustment of other comprehensive income	Other changes in equity
1. Cooperative Enterprise	121,605,419.10			6,788,124.16		
Beijing CHIA TAI Feedmill Co., Limited	121,605,419.10			6,788,124.16		
Sub-total	121,605,419.10			6,788,124.16		
2. Joint Venture	121,948,497.88			4,580,604.27		
China Grain Reserves (Tianjin) Warehouse Logistics Co., Ltd.	115,506,829.06			4,670,106.47		
Jingliang Missme Catering Management (Beijing) Co., Ltd.	6,441,668.82			-89,502.20		
Sub-total	121,948,497.88			4,580,604.27		
Total	243,553,916.98			11,368,728.43		

(Continued)

invested entity	Increase or Decrease in the Current Period			Balance at End of Period	Closing Balance of Impairment Reserves
	Announce to Distribute Case Dividends or Profits	Accrual of Impairment Reserves	Others		
1. Cooperative Enterprise				128,393,543.26	
Beijing CHIA TAI Feedmill Co., Limited				128,393,543.26	
Sub-total				128,393,543.26	
2. Joint Venture				126,529,102.15	
China Grain Reserves (Tianjin) Warehouse Logistics Co., Ltd.				120,176,935.53	
Jingliang Missme Catering Management (Beijing) Co., Ltd.				6,352,166.62	
Sub-total				126,529,102.15	
Total				254,922,645.41	

**12. Other equity instruments investment**

Details

Item	Opening Balance	Changes in the Current Period					Closing Balance
		Additional Investment	Disinvestment	Profits included in other comprehensive income in the current period.	Losses included in other comprehensive income in the current period.	Others	
Chongqing long jinbao network technology Co. LTD	20,000,000.00						20,000,000.00
Total	20,000,000.00						20,000,000.00

(Continued)

Item	Dividend revenue recognized in current period	Accumulated profit recognized in other comprehensive income	Accumulated losses recognized in other comprehensive income	Designated at Fair Value Measurement and Reasons on Changes included in Other Comprehensive Income
Chongqing long jinbao network technology Co. LTD				Non-trading equity instrument
Total				/

**13. Investment Real Estate**

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

Items	Buildings	Land Use Right	Total
<b>One. Original Book Value</b>			
1. Balance at Beginning of Year	54,691,581.60		54,691,581.60
2. Increased Amounts in the Current Period	9,000,432.40	576,510.00	9,576,942.40
—Inventory\Fixed Assets Construction in progress transferred into	9,000,432.40	576,510.00	9,576,942.40
3. Decreased Amounts in the Current Period	846,780.00		846,780.00
—Business Combination Decreasion	846,780.00		846,780.00
4. Balance at End of Period	62,845,234.00	576,510.00	63,421,744.00
<b>Two. Accumulated Impairment and Accumulated Amortization</b>			
1. Balance at Beginning of Year	24,298,508.66		24,298,508.66
2. Increased Amounts in the Current Period	8,689,044.37	208,504.45	8,897,548.82
—Accrual or Amortization	1,702,684.23	6,725.95	1,709,410.18
—Others	6,986,360.14	201,778.50	7,188,138.64
3. Decreased Amounts in the Current Period	407,613.95		407,613.95
—Business Combination Decreasion	407,613.95		407,613.95
4. Balance at End of Period	32,579,939.08	208,504.45	32,788,443.53
<b>Three. Impairment Reserves</b>			
1. Balance at Beginning of Year	10,587,796.70		10,587,796.70
2. Balance at End of Period	10,587,796.70		10,587,796.70
<b>Four. Book Value</b>			
1. Book Value at End of Period	19,677,498.22	368,005.55	20,045,503.77
2. Book Value at Beginning of Year	19,805,276.24		19,805,276.24

**14. Fixed Assets**

Items	Balance at End of Period	Balance at Beginning of Period
Fixed Assets	939,548,012.91	1,047,451,810.24
Disposal of Fixed Assets		
In total	939,548,012.91	1,047,451,810.24

## Fixed Assets Situation

Items	Buildings	Machinery Equipment	Transportation Equipment	Electronic Equipment	Office Equipment	Others	Total
One. Original Book Value							
1. Balance at Beginning of Year	1,122,769,627.81	804,825,222.53	20,457,864.28	13,030,802.85	7,221,945.92	1,437,635.89	1,969,743,099.28
2. Increased Amounts in the Current Period	13,492,760.23	34,348,380.82	3,341,783.38	2,677,081.72	2,699,311.67	211,496.30	56,770,814.12
(1) Purchase	6,616,186.68	21,083,983.65	3,341,783.38	2,506,949.77	2,689,711.67	211,496.30	36,450,111.45
(2) Roll-in of Project under Construction	6,876,573.55	13,264,397.17		170,131.95	9,600.00		20,320,702.67
3. Decreased Amounts in the Current Period	71,704,340.83	43,713,280.78	3,725,216.59	1,574,116.98	2,375,464.06	264,054.76	123,356,474.00
(1) Disposal or Scrap	336,775.12	11,695,050.45	3,192,236.39	599,483.37	1,070,063.61		16,893,608.94
Decreasion on Business Combination Scope	62,345,633.31	26,556,104.58	532,980.20	767,199.98	206,175.15	264,054.76	90,672,147.98
Other transferred out	9,021,932.40	5,462,125.75		207,433.63	1,099,225.30		15,790,717.08
4. Balance at End of Period	1,064,558,047.21	795,460,322.57	20,074,431.07	14,133,767.59	7,545,793.53	1,385,077.43	1,903,157,439.40

Items	Buildings	Machinery Equipment	Transportation Equipment	Electronic Equipment	Office Equipment	Others	Total
<b>Two. Accumulated Impairment</b>							
1. Balance at Beginning of Year	417,797,356.22	465,777,890.41	13,737,392.56	9,541,958.53	5,801,480.29	515,147.41	913,171,225.42
2. Increased Amounts in the Current Period	39,733,621.12	50,331,349.23	1,512,158.81	1,491,361.67	665,545.62	45,188.19	93,779,224.64
(1) Accrual	39,733,621.12	50,331,349.23	1,512,158.81	1,491,361.67	665,545.62	45,188.19	93,779,224.64
3. Decreased Amounts in the Current Period	16,833,102.08	28,421,410.95	3,397,200.44	1,438,172.21	2,161,861.85	209,339.66	52,461,087.19
(1) Disposal or Scrap	317,515.91	10,089,700.58	3,103,312.42	569,189.09	1,007,828.57		15,087,546.57
Decreasion on Business Combination Scope	9,516,529.34	13,629,565.20	293,888.02	671,921.17	121,719.73	209,339.66	24,442,963.12
Other transferred out	6,999,056.83	4,702,145.17		197,061.95	1,032,313.55		12,930,577.50
4. Balance at End of Period	440,697,875.26	487,687,828.69	11,852,350.93	9,595,147.99	4,305,164.06	350,995.94	954,489,362.87
<b>Three. Impairment Reserves</b>							
1. Balance at Beginning of Year	9,047,959.13	72,104.49					9,120,063.62
4. Balance at End of Period	9,047,959.13	72,104.49					9,120,063.62
<b>Four. Book Value</b>							
1. Book Value at End of Period	614,812,212.82	307,700,389.39	8,222,080.14	4,538,619.60	3,240,629.47	1,034,081.49	939,548,012.91
2. Book Value at Beginning of Year	695,924,312.46	338,975,227.63	6,720,471.72	3,488,844.32	1,420,465.63	922,488.48	1,047,451,810.24

**15. Project under Construction**

Items	Balance at End of Period	Balance at Beginning of Year
Project under Construction	59,094,902.29	22,695,003.52
Total	59,094,902.29	22,695,003.52

## (1) Project under Construction

## A. Situation of Project under Construction

Items	Balance at End of Period			Balance at Beginning of Year		
	Book Balance	Impairment Reserves	Book Value	Book Balance	Impairment Reserves	Book Value
Caofeidian comprehensive bonded zone feed processing project automation line project	7,773,303.43		7,773,303.43	5,224,681.81		5,224,681.81
Soybean extruding and rumen soybean meal processing project	23,078,937.34		23,078,937.34	1,618,517.50		1,618,517.50
production line of fried potato chips	8,392,300.91		8,392,300.91			
Slope treatment project of No.3 plant	6,969,126.85		6,969,126.85	5,244,356.21		5,244,356.21
The 3 <sup>rd</sup> recreation factory baked potato No.5 Flexible Packing Automation Line Transformation Project	2,556,466.47		2,556,466.47			
The 1 <sup>st</sup> recreation factory baked potato No.3 Flexible Packing Automation Line Transformation Project	2,497,033.51		2,497,033.51			
The 1 <sup>st</sup> recreation factory baked potato No.4 Flexible Packing Automation Line Transformation Project	1,619,325.55		1,619,325.55			

Items	Balance at End of Period			Balance at Beginning of Year		
	Book Balance	Impairment Reserves	Book Value	Book Balance	Impairment Reserves	Book Value
Odor control project	1,585,321.11		1,585,321.11	792,660.56		792,660.56
The 3 <sup>rd</sup> recreation factory baked potato No.8 Line Oven Transformation Project	1,240,093.10		1,240,093.10			
Others	3,382,994.02		3,382,994.02	9,814,787.44		9,814,787.44
Total	59,094,902.29		59,094,902.29	22,695,003.52		22,695,003.52

## B. Change Condition of Important Engineering Projects under Construction in the Current Period

Project Name	Budget Amount	Balance at Beginning of Year	Increased Amounts in the Current Period	Roll-in Fixed Assets Amount in the Current Period	Other Decreased Amounts in the Current Period	Balance at End of Period
Caofeidian comprehensive bonded zone feed processing project automation line	7,184,400.00	5,224,681.81	2,548,621.62			7,773,303.43
Soybean extruding and rumen soybean meal processing project	49,429,300.00	1,618,517.50	21,460,419.84			23,078,937.34
Production line of fried potato chips	9,700,000.00		8,392,300.91			8,392,300.91
Slope treatment project of No.3 plant	17,110,000.00	5,244,356.21	1,724,770.64			6,969,126.85
Jingliang Hainan Yang Pu Grease & Oil Processing Project	661,324,100.00		434,369.04			434,369.04
Total	—	12,087,555.52	34,560,482.05			46,648,037.57

(Continued)

Project Name	Proportion of accumulated input of the project on Budgeted Amount(%)	Progress of the Project	Accumulated Amount of Interest Capitalization	Including: Interest Capitalization Amount occurred in Current Period	Interest Capitalization Rate in the Current Period(%)	Sources of Capital
Caofeidian comprehensive bonded zone feed processing project automation line	108.20	99.00%				Equity Fund
Soybean extruding and rumen soybean meal processing project	46.69	85.00%				Equity Fund
Production line of fried potato chips	86.52	50.00%				Equity Fund
Slope treatment project of No.3 plant	40.73	80.00%				Equity Fund
Jingliang Hainan Yang Pu Grease & Oil Processing Project	0.07	0.07%				Enterprise Self-funded
Total	——	——			——	——

**16. Right-of-use Asset**

## Details

Items	Buildings	Land Use Right	Transportation Equipment	In total
<b>One Original Book Value</b>				
1. Balance at Beginning of Year	4,423,305.76	5,648,400.00	607,367.22	10,679,072.98
2. Increased Amounts in the Current Period	117,043,974.80			117,043,974.80
(1) Lease	117,043,974.80			117,043,974.80
3. Decreased Amounts in the Current Period	435,493.80			435,493.80
(1) Expiration of the lease or change the lease term	435,493.80			435,493.80
4. Balance at End of Period	121,031,786.76	5,648,400.00	607,367.22	127,287,553.98
<b>Two Accumulated Depreciation</b>				
1. Balance at Beginning of Year	2,733,787.38	903,744.00	73,115.40	3,710,646.78
2. Increased Amounts in the Current Period	24,572,650.70	112,968.00	94,478.52	24,780,097.22
(1) Accrual	24,572,650.70	112,968.00	94,478.52	24,780,097.22
3. Decreased Amounts in the Current Period	435,493.80			435,493.80
—Disposal	202,742.29			202,742.29
—Other Transferred Out	232,751.51			232,751.51
4. Balance at End of Period	26,870,944.28	1,016,712.00	167,593.92	28,055,250.20
<b>Three Impairment Reserves</b>				
<b>Four Book Value</b>				
1. Book Value at End of Period	94,160,842.48	4,631,688.00	439,773.30	99,232,303.78
2. Book Value at Beginning of Year	1,689,518.38	4,744,656.00	534,251.82	6,968,426.20

## 17. Intangible Assets

### Intangible Assets Situation

Items	Land Use Right	Software	Trademark Right	In total
One Original Book Value				
1. Balance at Beginning of Year	316,139,303.96	5,172,273.84	154,841,200.00	476,152,777.80
2. Increased Amounts in the Current Period	113,371,253.98	198,141.60		113,569,395.58
(1) Purchase	5,430,549.36	198,141.60		5,628,690.96
—Others	107,940,704.62			107,940,704.62
3. Decreased Amounts in the Current Period	13,792,524.16			13,792,524.16
—Business Combination Decresion	13,216,014.16			13,216,014.16
—Other Transferred Out	576,510.00			576,510.00
4. Balance at End of Period	415,718,033.78	5,370,415.44	154,841,200.00	575,929,649.22
Two Accumulated Amortization				
1. Balance at Beginning of Year	75,467,995.64	4,176,674.41	71,463,223.41	151,107,893.46
2. Increased Amounts in the Current Period	7,360,055.85	231,859.56	7,713,925.84	15,305,841.25
(1) Accrual	7,360,055.85	231,859.56	7,713,925.84	15,305,841.25
3. Decreased Amounts in the Current Period	3,160,931.42			3,160,931.42
— Business Combination Decresion	2,959,152.92			2,959,152.92
— Other Transferred Out	201,778.50			201,778.50
4. Balance at End of Period	79,667,120.07	4,408,533.97	79,177,149.25	163,252,803.29
Three Impairment Reserves				
Four Book Value				
1. Book Value at End of Period	336,050,913.71	961,881.47	75,664,050.75	412,676,845.93
2. Book Value at Beginning of Year	240,671,308.25	995,599.43	83,377,976.66	325,044,884.34

**18. Goodwill**

## (1) Original Book Value of Goodwill

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

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

Name	Composition and Basis of Group of Assets or Group belongs	Operation Segment and Basis belongs	Whether consistent with Prior Period
Acquire stock shares of Zhejiang Xiaowangzi Food Co., Ltd.	Group of Assets comprises of Goodwill related assets, the flow-in cash generated shall be independent of those by other group assets.	Assets mainly used food processing, belong to the Food Processing Segment	Yes

(3) The method for the determination of the recoverable amount of the asset group

The recoverable amounts determined according to the current value of future cash flows as predicted by the asset group

							Monetary in RMB10,000 Yuan
Item	Book Value	Recoverable Amount	Asset Devaluation Amount	Period of Forecast	Key Parameters of Forecast Period	Key Parameter of the Stable Period	Recognition Basis for the Key Parameters of Stable Period
Acquire stock shares of Zhejiang Xiaowangzi Food Co., Ltd	75,383.59	76,266.12		Year 2024 to Year 2027	Average Revenue increase rate of Forecast Period is 3.11%, Pre-tax Discount Rate is 16.77%	Revenue Increase rate is 0% during the stable period, pre-tax discount rate is 16.77%	Pre-tax discount rate recognized based on Risk-free rate of return, Market Risk premium, risk coefficient, Cost of Equity Capital and Income Tax Rate
Total	75,383.59	76,266.12		—	—	—	—

### 19. Long-term Unamortized Expenses

Items	Balance at Beginning of Year	Increased Amounts in the Current Period	Amortized Amounts in the Current Period	Other Decreased Amounts	Balance at End of Period
Reconstruction of majuqiao plant	13,539,943.97		674,188.08		12,865,755.89
Maintenance of leased assets	2,230,677.31		145,301.88		2,085,375.43
Factory compartment maintenance	516,335.99	409,466.67	165,190.24		760,612.42
Housing renovation	649,010.65	1,956,777.35	661,794.92		1,943,993.08
Total	16,935,967.92	2,366,244.02	1,646,475.12		17,655,736.82

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

## (1) Deferred Income Tax Assets Not Being Offset

Items	Balance at End of Period		Balance at Beginning of Year	
	Deductible Temporary Difference	Deferred Income Tax Assets	Deductible Temporary Difference	Deferred Income Tax Assets
Asset Impairment Reserves	1,906,843.70	476,710.92	44,268,191.21	11,067,047.80
Deductible Loss	190,924,419.06	47,731,104.76	1,383,480.84	345,870.21
Lease liabilities	95,982,927.96	23,995,732.00	167,668.58	41,917.15
Credit impairment Loss	7,816,993.82	1,954,248.46	3,811,842.32	952,960.58
Deferred Income	12,600,638.84	3,150,159.71	11,824,538.36	2,956,134.59
Wages payable	5,677,134.00	1,419,283.50	5,677,134.00	1,419,283.50
Valuation of Financial Instruments and Derivative Financial Instruments	12,433,441.20	3,108,360.30	211,060.00	52,765.00
Rebate on contracts	1,112,100.00	278,025.00	3,215,300.44	803,825.11
In total	328,454,498.58	82,113,624.65	70,559,215.75	17,639,803.94

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

Items	Balance at End of Period		Balance at Beginning of Year	
	Taxable Temporary Difference	Deferred Income Tax Liabilities	Taxable Temporary Difference	Deferred Income Tax Liabilities
Valuation of Financial Instruments and Derivative Financial Instruments	252,306,904.70	63,076,726.18	54,719,042.81	13,679,760.70
Valuation and appreciation of assets in merger of enterprises not under the same control	135,119,584.58	33,779,896.15	144,667,350.88	36,166,837.72
Use right assets	94,160,842.48	23,540,210.63	34,449.15	8,612.29
Total	481,587,331.76	120,396,832.96	199,420,842.84	49,855,210.71

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

Items	Offset amount of deferred tax assets and liabilities	Carrying amount after offsetting between deferred tax assets and liabilities	offset amount of deferred tax assets and liabilities at the end of last period	Carrying amount after offsetting between deferred tax assets and liabilities at the end of last period
Deferred tax asset	73,314,709.43	8,798,915.22	3,450,040.01	14,189,763.93
Deferred tax liabilities	73,314,709.43	47,082,123.53	3,450,040.01	46,405,170.70

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

Items	Balance at End of Period	Balance at Beginning of Year
Deductible temporary differences	19,626,834.31	19,626,834.31
Deductible Loss	243,290,588.25	183,422,192.19
In total	262,917,422.56	203,049,026.50

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

Year	Balance at End of Period	Balance at Beginning of Year	Notes
2023	—	9,688,448.81	
2024	38,012,198.48	47,153,825.45	
2025	25,114,592.05	25,114,592.05	
2026	37,744,225.64	37,836,385.00	
2027	63,628,940.88	63,628,940.88	
2028	78,790,631.20		
Total	243,290,588.25	183,422,192.19	—

**21. Other Non-current Assets**

Items	Closing Balance			Opening Balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
software purchase advancement	2,833,950.00		2,833,950.00			
Three-year term deposit	10,390,000.00		10,390,000.00	53,544,782.34		53,544,782.34
Total	13,223,950.00		13,223,950.00	53,544,782.34		53,544,782.34

**22. Asset items where the ownership or the right of use is restricted**

Items	Ending Balance			
	Book balance	Book value	Restricted type '	Constraints
Cash and cash equivalents	2,746,671.91	2,746,671.91	Banker's letter of guarantee deposit etc.	Banker's letter of guarantee deposit etc.
Fixed Assets	21,719,189.02	4,994,664.88	Freezing amount due to lawsuit	Freezing amount due to lawsuit
Investment Real Estates	19,594,735.46	5,198,514.17	Freezing amount due to lawsuit	Freezing amount due to lawsuit
In total	44,060,596.39	12,939,850.96	/	/

(Continued)

Item	Beginning Balance			
	Book balance	Book value	Restricted type '	Constraints
Cash and cash equivalents	9,573,999.69	9,573,999.69	Foreign exchange derivatives deposit	Foreign exchange derivatives deposit
Fixed Assets	21,719,189.02	5,408,424.76	Freezing amount due to lawsuit	Freezing amount due to lawsuit
Investment Real Estates	19,594,735.46	5,539,676.69	Freezing amount due to lawsuit	Freezing amount due to lawsuit
In total	50,887,924.17	20,522,101.14	/	/

**23. Short-term Borrowings**

Classification of Short-term Borrowings

Items	Balance at End of Period	Balance at Beginning of Year
Fiduciary Loan	1,163,479,691.67	1,260,543,148.81
In total	1,163,479,691.67	1,260,543,148.81

**24. Derivative financial liability**

Item	Closing Balance	Opening Balance
Changes in fair value of hedging instruments	15,805,393.88	111,373,155.00
Total	15,805,393.88	111,373,155.00

**25. Notes payable**

Items	Balance at End of Period	Balance at Beginning of Year
Banker's acceptance		3,331,333.80
In total		3,331,333.80

**26. Accounts Payable**

## Accounts Payable Presentation

Items	Balance at End of Period	Balance at Beginning of Year
Material Funds Payable	67,912,958.96	99,975,435.40
Project Funds Payable	3,013,449.11	4,362,006.50
Equipment Funds Payable	3,002,660.91	284,311.31
Consultancy Services	3,283,467.22	2,540,367.22
Rental Fee	650,000.00	
Storage Charge	2,752,000.00	2,568,000.00
Others	1,860,287.64	1,181,756.78
In total	82,474,823.84	110,911,877.21

**27. Advance payment**

## Advance payment Presented

Items	Balance at End of Period	Balance at Beginning of Year
Advance collection of rent	1,075,801.34	922,982.41
In total	1,075,801.34	922,982.41

**28. Contract liabilities**

## Classification of contract liabilities

Items	Balance at End of Period	Balance at Beginning of Year
Loans	411,012,990.81	285,555,581.80
Services	19,801.98	
Others	426.29	
In total	411,033,219.08	285,555,581.80

**29. Wages Payable**

## (1) Wages Payable Presented

Items	Balance at Beginning of Year	Increase in the Current Period	Decrease in the Current Period	Balance at End of Period
Short-term Compensation	42,220,454.37	313,000,055.98	324,462,075.35	30,758,435.00
After-service Welfare- Set up ESP liabilities	1,708,306.39	35,038,036.41	34,802,219.73	1,944,123.07
Dismissal Welfare		630,487.11	630,487.11	
In total	43,928,760.76	348,668,579.50	359,894,782.19	32,702,558.07

## (2) Short-term Compensation Presented

Items	Balance at Beginning of Year	Increase in the Current Period	Decrease in the Current Period	Balance at End of Period
1. Wage, Bonus, Allowance and Subsidy	38,119,437.46	253,205,580.89	264,548,466.79	26,776,551.56
2. Welfare Expense of Employee	6,920.00	8,700,155.00	8,688,375.00	18,700.00
3. Social Insurance Expense	832,783.50	20,201,823.68	20,101,701.56	932,905.62
Among them:				
Medical Insurance Premiums	750,291.67	18,690,378.95	18,577,252.35	863,418.27
Industrial Injury Insurance Premiums	66,211.98	1,171,666.66	1,184,226.92	53,651.72
Birth Insurance Premiums	16,279.85	339,778.07	340,222.29	15,835.63
4. Housing Provident Funds	146,594.49	17,134,890.70	17,166,487.70	114,997.49
5. Labor Union Expense and Personnel Education Fund	3,114,718.92	5,620,995.92	6,040,564.51	2,695,150.33
6. Other Short-term wages		8,136,609.79	7,916,479.79	220,130.00
In total	42,220,454.37	313,000,055.98	324,462,075.35	30,758,435.00

## (3) Stated Drawings Plan Presented

Items	Balance at Beginning of Year	Increase in the Current Period	Decrease in the Current Period	Balance at End of Period
1. Basic Pension Insurance	1,616,949.93	30,105,991.33	29,874,115.56	1,848,825.70

Items	Balance at Beginning of Year	Increase in the Current Period	Decrease in the Current Period	Balance at End of Period
2. Unemployment Insurance Expense	42,937.75	997,640.80	991,003.76	49,574.79
3. Enterprise Annuity Charges	48,418.71	3,934,404.28	3,937,100.41	45,722.58
Total	1,708,306.39	35,038,036.41	34,802,219.73	1,944,123.07

### 30. Taxes and Fees Payable

Items	Balance at End of Period	Balance at Beginning of Year
VAT	1,535,814.90	18,489,749.05
Corporate Income Tax	4,643,368.25	39,893,369.93
Urban Maintenance and Construction Tax	184,732.38	1,352,280.58
House Property Tax	2,317,671.84	2,316,064.99
Land Use Tax	985,671.07	150,746.89
Individual Income Tax	1,655,912.41	2,331,343.41
Stamp Tax	152,358.18	1,135,833.99
Educational Surtax (Including local educational surcharge)	99,058.19	955,932.66
Environmental protection tax	2,805.25	3,732.68
In total	11,577,392.47	66,629,054.18

### 31. Other Accounts Payable

Items	Balance at End of Period	Balance at Beginning of Year
Interest Payable	21,082,795.47	21,082,795.47
Dividends Payable	3,213,302.88	3,213,302.88
Other Accounts Payable	55,322,100.43	59,703,587.21
In total	79,618,198.78	83,999,685.56

#### (1) Interest Payable

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

#### (2) Dividends Payable

Items	Balance at End of Period	Balance at Beginning of Year
Others	3,213,302.88	3,213,302.88
In total	3,213,302.88	3,213,302.88

## (3) Other Accounts Payable

## Other Accounts Payable by Nature of Funds Presented

Items	Balance at End of Period	Balance at Beginning of Year
Intercourse Funds of Related Parties	3,687,264.48	3,070,641.51
Guaranteed Deposit and Deposit	27,614,619.18	18,847,429.40
Intercourse Funds between Units	9,684,592.82	23,301,024.10
Personal Intercourse Funds	3,731,133.46	3,829,316.55
Various Insurances of Employee	3,688,119.63	2,507,094.75
Storage Charge	2,832,948.18	4,432,553.96
Hebei Grease and Oil Gains and Losses Divestment during transition	1,747,611.95	
Others	2,335,810.73	3,715,526.94
In total	55,322,100.43	59,703,587.21

**32. Non-current liabilities due within one year**

Item	End balance	Opening Balance
Long-term Loans due Within One Year	150,000,000.00	
Lease Liability due Within One Year	22,741,185.39	1,432,706.14
Long-term Loans Interest due Within One Year	319,763.89	
Bond Interest Payable due Within One Year	2,880,000.00	
Total	175,940,949.28	1,432,706.14

**33. Other current liability**

Item	End balance	Opening Balance
Value-added tax to be written off	45,928,019.48	55,982,706.18
Changes of the Fair Value of the Hedged Item	14,511,381.20	201,549.12
Total	60,439,400.68	56,184,255.30

**34. Long term borrowing**

Item	End balance	Opening Balance
Debt of honour	400,000,000.00	500,284,166.67
Total	400,000,000.00	500,284,166.67

**35. Bonds payable**

(1) Bonds payable

Item	Ending Balance	Opening Balance
Corporate Bond	298,800,000.00	
Total	298,800,000.00	

(2) Bond payable situation (not including other financial instruments i.e. the Financial Liabilities preference shares perpetuities etc)

Name of Bond	Face Value	Coupon rate(%)	Release Date	Bond Period	Issuing Amount	Opening Balance	The Issuance
23 Jingliang 01 Corporate Bond	300,000,000.00	2.88	21Aug-22 Aug 2023	3 years	300,000,000.00		
Total	/	/	/	/	300,000,000.00		

(Continued)

Name of Bond	Interest accrued at face value	Amortization of Premiums or Discounts	Repayment in the Period	Other Direct Fees	Ending Balance	Whether in default
23 Jingliang 01 Corporate Bond	2,880,000.00			1,200,000.00	301,680,000.00	
Total	2,880,000.00			1,200,000.00	301,680,000.00	/

**36. Lease liability**

Item	End balance	Opening Balance
Lease Payment	103,803,204.86	2,216,669.37
Less: unrecognized Financing Cost	7,820,276.90	79,572.25
Reclassified as non-current liabilities due within One year	22,741,185.39	1,432,706.14
Net Lease Liabilities	73,241,742.57	704,390.98

**37. Long term wage payable**

Long-term wage payable presented

Items	Balance at End of Period	Balance at Beginning of Year
Other Long-term Welfare	5,677,134.00	5,677,134.00
In total	5,677,134.00	5,677,134.00

**38. Deferred Income**

Items	Balance at Beginning of Year	Increase in the Current Period	Decrease in the Current Period	Balance at End of Period	Cause of Formation
Government Subsidy	64,550,917.36	1,304,400.00	3,352,060.69	62,503,256.67	
In total	64,550,917.36	1,304,400.00	3,352,060.69	62,503,256.67	

Among them, items involving government subsidy are as follows:

Items Receiving Subsidy	Balance at Beginning of Year	Increase in the Current Period	Charge to other Profits	Amount rolled in non-operating income in the current period.	Refund in this Period	Other Changes	Balance at End of Period	Reasons on Refund	Asset related / income related
Edible Oil Renewable Clean Production Equipment and Oil Tank Electric Heating System Project	167,999.72		56,000.04				111,999.68		Assets related
Grain & Oil processing key technology research and industrialization project, forming fixed assets	622,710.56		77,838.84				544,871.72		Assets related
Information monitoring equipment	232,373.66		200,686.32			31,687.34			Assets related
Tianjin Binhai New Zone industrialized technological transformation and zone construction fund and scientific technology expenses	1,648,147.97		222,222.24				1,425,925.73		Assets related
Enterprise foundation	47,374,115.29		1,277,504.16				46,096,611.13		Assets related

Items Receiving Subsidy	Balance at Beginning of Year	Increase in the Current Period	Charge to other Profits	Amount rolled in non-operating income in the current period.	Refund in this Period	Other Changes	Balance at End of Period	Reasons on Refund	Asset related / income related
supporting in the construction stage of "Tianjin Lingang Industrial Zone Management Committee"									
Subsidized by Beijing Municipal Food and Strategic Reserves Bureau for "Tank Expansion and Winterization Renovation Project"	2,522,657.94		250,180.91				2,272,477.03		Assets related
The relocation compensation	3,462,874.32		384,763.82				3,078,110.50		Assets related
Special subsidy for infrastructure investment	8,520,037.90	1,304,400.00	851,177.02				8,973,260.88		Assets related
In total	64,550,917.36	1,304,400.00	3,320,373.35			31,687.34	62,503,256.67	—	—



**40. Capital Reserves**

Items	Balance at Beginning of Year	Increase in the Current Period	Decrease in the Current Period	Balance at End of Period
Capital Premium (Stock Premium)	1,322,887,986.38			1,322,887,986.38
Capital Reserves Roll-in Under Original System	112,316,357.36			112,316,357.36
Other Capital Reserves	243,474,007.21	3,129,757.12		246,603,764.33
In total	1,678,678,350.95	3,129,757.12		1,681,808,108.07

**41. Other Comprehensive Incomes**

Items	Balance at Beginning of Year	Amounts Occurred in the Current Period						Balance at End of Period
		Amounts Occurred before Income Tax in the Current Period	Less: Other Comprehensive Incomes Charged at Earlier Stage and Current Roll-in Profit and Loss	Less: included in other comprehensive income in the previous period and transferred to retained income in the current period	Less: Income Tax Expense	Attributable to Parent Company After Tax	Attributable to Minority Shareholders After Tax	
One Other comprehensive incomes that won't be classified into profit and loss								
Two Other comprehensive incomes that will be classified into profit and loss	1,005,720.50	364,260.42				364,260.42		1,369,980.92
Including: Converted difference between foreign currency financial statements	1,005,720.50	364,260.42				364,260.42		1,369,980.92
Total	1,005,720.50	364,260.42				364,260.42		1,369,980.92

**42. Surplus Reserves**

Items	Balance at Beginning of Year	Increase in the Current Period	Decrease in the Current Period	Balance at End of Period
Statutory Surplus Reserves	84,487,609.05	7,697,253.02		92,184,862.07
Free Surplus Reserves	37,634,827.93			37,634,827.93
In total	122,122,436.98	7,697,253.02		129,819,690.00

**43. Undistributed Profit**

Items	Amounts in the Current Period	Amounts in the Prior Period
Adjustment on undistributed profit at end of last year	532,904,675.62	391,493,534.34
Adjustment on total number of undistributed profit at beginning of period (increase+ and decrease-)		
Adjusted undistributed profit at beginning of period	532,904,675.62	391,493,534.34
Add: net profit attributable to parent company in the current period	102,348,088.85	141,411,141.28
Less: withdrawal statutory surplus reserves	7,697,253.02	
Undistributed profit at end of period	627,555,511.45	532,904,675.62

**44. Operation Revenue and Operation Cost**

## (1) Operation Revenue and Operation Cost

Items	Amounts in the Current Period		Amounts in the Prior Period	
	Revenue	Cost	Revenue	Cost
Prime Business	11,844,929,514.32	11,501,631,237.44	12,814,528,584.23	12,224,032,469.41
Other Business	56,079,697.31	49,171,830.07	43,345,717.49	13,538,869.90
In total	11,901,009,211.63	11,550,803,067.51	12,857,874,301.72	12,237,571,339.31

## (2) Operation revenue and operation cost presented

Contract Category	Operation Revenue	Operation Cost
Industry and Business-classified		
Oil and Oil Seeds	10,909,755,649.64	10,787,126,093.80
Food	935,173,864.68	714,505,143.64

Contract Category	Operation Revenue	Operation Cost
Others	56,079,697.31	49,171,830.07
Region-classified		
Including North China	7,583,746,566.94	7,527,901,048.81
East China	2,067,768,342.61	1,863,278,162.20
Northeast China	578,965,142.42	534,996,808.22
South East	446,348,295.62	430,387,752.47
South China	462,142,367.94	444,888,403.88
Southwest	666,177,336.48	661,874,710.24
Others	95,861,159.62	87,476,181.69
Time for the transfer of commodities classified		
Revenue recognition at a given time	11,901,009,211.63	11,550,803,067.51
Sales channel-classified		
including direct	5,347,742,492.82	5,129,822,894.48
Distribution	6,497,187,021.50	6,371,808,342.96
Others	56,079,697.31	49,171,830.07
In total	11,901,009,211.63	11,550,803,067.51

## (3) Performance obligations explanation

Item	Time of performance obligations	Important payment terms	Nature of the commitment to transfer commodities by the company	Whether main responsible person	Expected refund to the customer by the Company	Quality assurance category provided by the Company and relevant obligations
Processing, sales and trading of oil and oilseeds, as well as foodstuffs	Upon delivery	Mainly payment first	Mainly sales of oil and oilseeds, snack food	Yes	No	Statutory guarantees

Note: Company and distributors adopt the payment first method, certain credit lines offered by the company to partial distributors with long-term cooperation and good reputation. For settlement, partial direct sale customers and supermarkets shall be proceeded on agreed payment terms in accordance with the contract

## (4) Amortization on remaining performance obligations explanation

Contract has been signed at end reporting period, however the corresponding amount is Rmb456,904,778.71 for the outstanding obligations or obligations not yet complete fulfilled. The revenue shall be recognized in 2024.

**45. Tariff And Annex**

Items	Amounts in the Current Period	Amounts in the Prior Period
Urban Maintenance and Construction Tax	3,395,501.76	8,392,378.68
House Property tax	7,295,069.14	7,348,144.90
Land Use Tax	2,290,615.80	1,257,836.62
Educational Surtax	2,456,291.23	6,041,032.64
Vehicle and Vessel Use Tax	41,512.47	45,180.14
Environmental Protection Fees	30,843.03	25,928.59
Stamp Tax	7,421,881.18	7,306,545.73
Other Taxes and Fees	667.49	68,082.45
In total	22,932,382.10	30,485,129.75

**46. Sales Expenses**

Items	Amounts in the Current Period	Amounts in the Prior Period
Employee Compensation	64,636,913.79	74,865,384.05
Sales Promotion Expenses	18,442,554.57	15,397,370.72
Warehousing Fees	16,512,288.34	25,934,599.40
Depreciation	16,173,229.17	15,817,872.17
Sales Promotion Expenses	2,616,904.12	13,233,177.70
Material consumption, sample and product cost	2,485,434.87	1,929,425.92
Repair Costs	2,090,173.34	1,987,578.98
Water and Electricity Fees	1,280,862.67	1,378,704.72
Lease fee	1,239,720.46	3,070,223.37
Insurance	445,587.43	289,252.25
Vehicle Fees	410,149.86	682,797.65
Packing Expenses	364,375.51	109,762.53
Terminal Charges	320,767.29	1,724,015.11
Travel Expenses	6,096,249.43	5,280,805.02
Test and Detection Fees	264,296.91	177,247.52
Labor Protection Fees	131,844.93	139,738.67
Business Entertainment Expenses	255,312.36	24,672.00

Items	Amounts in the Current Period	Amounts in the Prior Period
Others	933,621.22	1,888,072.26
Total	134,700,286.27	163,930,700.04

#### 47. Administration Expenses

Items	Amounts in the Current Period	Amounts in the Prior Period
Employee Compensation	137,027,182.45	138,464,028.57
Impairment Costs	17,485,332.22	18,141,539.50
Amortization of Assets	14,787,451.81	15,771,966.91
Fees of Employing Agent	7,625,327.29	8,709,204.04
Repair Costs	6,467,541.44	3,334,959.13
Company Expenses	4,897,271.51	1,800,883.30
Lease fee	3,211,730.12	3,882,289.68
Vehicle Fees	2,184,227.98	2,145,027.56
Security Protection Fees	1,772,654.96	1,242,530.60
Amortization of long-term prepayments	1,610,265.81	18,228.54
Information Network Fees	1,423,703.10	1,229,220.31
Commercial Insurance Expenses Workers Insurance Expense	1,407,380.46	1,959,088.81
Travel Expenses	1,198,460.18	513,023.38
Business Entertainment Expenses	942,076.90	1,257,895.61
Business Entertainment Expenses	934,893.63	665,034.02
Material Consumption	657,054.96	602,254.49
Company Expenses	609,846.94	5,777,472.22
Labor Protection Fees	413,741.50	468,689.86
Meeting Expenses	89,343.12	52,879.06
Taxes in Expenses	56,657.81	283,703.44
Other Expenses	9,172,060.90	3,286,845.39
In total	213,974,205.09	209,606,764.42

#### 48. Research and Development Expenses

Items	Amounts in the Current Period	Amounts in the Prior Period
Salary	10,986,790.95	9,938,209.22

Material fee	3,839,190.78	20,350.20
Material Consumption	2,565,948.18	3,195,077.96
Fuel and Power Fee	670,315.44	8,610.00
Depreciation and amortization	590,080.30	1,118.16
Design expense	566,037.74	566,037.72
Equipment Cost	105,418.94	258,395.57
Transportation Expense	103,961.21	14,999.80
Others	1,470,218.17	388,565.54
In total	20,897,961.71	14,391,364.17

#### 49. Financial Expenses

Items	Amounts in the Current Period	Amounts in the Prior Period
Interest Expenses	62,101,542.12	46,001,727.19
Less: Interest Income	18,201,145.42	26,078,234.77
Service Charges	1,119,817.26	4,573,991.30
Exchange Loss	922,278.26	1,101,362.76
Less: Exchange Profit	2,424,915.08	-33,733.99
Others	2,348.54	
In total	43,519,925.68	25,632,580.47

#### 50. Other Profits

Items	Amounts in the Current Period	Amounts in the Prior Period
Government Subsidy	13,150,019.76	15,640,947.01
Return of Service Charges of Withholding Individual Income Tax	181,917.61	140,778.62
Others	840.00	
In total	13,332,777.37	15,781,725.63

#### 51. Investment Income

Items	Amounts in the Current Period	Amounts in the Prior Period
Long-term equity investment income accounted with equity method	11,368,728.43	12,293,636.95

Investment income from disposal of wealth management products	3,987,862.90	
Investment income of disposing trading financial assets	211,777.70	751,411.16
Investment income obtained during the holding of transactional financial assets	374,460.84	267,083.33
Others	-12,559.79	-9,059.80
In total	15,930,270.08	13,303,071.64

## 52. Profits on Changes in Fair Value

Source of generating income with changes in fair value	Amounts in the Current Period	Amounts in the Prior Period
Trading Financial assets	228,219,839.09	61,032,222.12
Including: income with changes in fair value generated by hedging instruments and hedged item	228,219,839.09	61,032,222.12
In total	228,219,839.09	61,032,222.12

## 53. Credit impairment loss

Items	Amounts in the Current Period	Amounts in the Prior Period
Accounts receivable bad debt loss	-5,126,006.59	-2,012,156.44
Other receivables bad debt loss	-1,779.74	7,500.00
Total	-5,127,786.33	-2,004,656.44

## 54. Loss from Asset Devaluation

Items	Amounts in the Current Period	Amounts in the Prior Period
Loss on Bad Debts & Loss on Inventory Price Loss	-29,004,360.66	-43,736,036.29
In total	-29,004,360.66	-43,736,036.29

## 55. Assets Disposal Income

Items	Amounts in the Current Period	Amounts in the Prior Period
Gains or losses on disposal of fixed assets	50,283.79	466,027.43
In total	50,283.79	466,027.43

**56. Non-operating Income**

Items	Amounts in the Current Period	Amounts in the Prior Period	Amounts Charged to Non-recurring Profit and Loss
Non current assets retirement gains:	16,682.16	2,057.52	16,682.16
Government subsidies related to non-routines of enterprise		4,502.00	
Fines/penalty income, late fee, compensation	6,143,722.18	4,251,520.44	6,143,722.18
Payable amounts not required to be paid	251,522.70	487,200.03	251,522.70
Waste disposal gains	119,317.42		119,317.42
Others	236,088.24	610,950.95	236,088.24
In total	6,767,332.70	5,356,230.94	6,767,332.70

**57. Non-operating Expenses**

Items	Amounts in the Current Period	Amounts in the Prior Period	Amounts Charged to Non-recurring Profit and Loss
Total loss on scrap of non current assets	318,231.18	114,754.83	318,231.18
Public welfare donation	50,000.00	86,722.08	50,000.00
Penalty expenditure	3,438,439.46	105,996.54	3,438,439.46
Others	210,575.30	824,881.90	210,575.30
Total	4,017,245.94	1,132,355.35	4,017,245.94

**58. Income Tax Expenses**

## (1) List of Income Tax Expenses

Amounts in the Current Period	Amounts in the Prior Period	Amounts in the Current Period
Income Tax Expenses of the Current Period	30,811,845.54	59,796,486.70
Deferred Income Tax Expenses	6,067,801.54	1,274,800.56
Total	36,879,647.08	61,071,287.26

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

Items	Amounts in the Current Period
Total Profits	140,332,493.37

Items	Amounts in the Current Period
Income tax expenses calculated by statutory/applicable tax rate	35,083,123.34
Effect of subsidiary corporations being applicable to different tax rates	-742,229.61
Adjustment on effect of income tax in the prior period	880,903.85
Effect of Non-taxable Incomes	-1,930,792.57
Effect of Non-deductible cost, expense and loss	170,669.41
Effect of deductible loss on usage of unconfirmed deferred income tax assets in the prior period	-4,730,551.02
Effect of deductible temporary difference or deductible loss on unconfirmed deferred income tax in the current period	19,376,336.69
Effect of Research expenses, disables weighted deduction	-4,670,460.86
Effect of asset depreciation reserve write-off or reversal	-218,861.12
Effect of non-taxable investment income	-2,861,417.71
Effect of initial recognition of deferred tax assets refund	248,999.87
Effect of deductible temporary differences o not recognized for deferred income tax asset during the prior period	-5,181.05
Policy move, fixed assets one-time depreciation	-3,644,604.60
Others	-76,287.54
Income Tax Expenses	36,879,647.08

### 59. Other comprehensive income items and their income tax impact and transferred to profit and loss

See details of 'Appendix V Notes on Items in Consolidated Financial Statements 41 Other Comprehensive Incomes'

### 60. Notes to items related cash flow statement

(1) Cash related to operating activities

A. Receiving other cash related to operation activities

Items	Amounts in the Current Period	Amounts in the Prior Period
Intercourse Funds of Related Parties	26,969,822.02	3,821,301.49
Deposit security	2,178,381,623.73	1,820,481,225.64
Intercourse Funds of Other Units	89,136,407.24	534,241,370.31
Interest Income	13,316,019.01	26,078,234.77
Non-operating Income and other	6,418,418.92	10,776,175.29

Items	Amounts in the Current Period	Amounts in the Prior Period
income		
Others	3,658,424.57	2,634,069.26
Total	2,317,880,715.49	2,398,032,376.76

## B. Other Cash Payment Related to Operation Activities

Items	Amounts in the Current Period	Amounts in the Prior Period
Expenses	104,347,063.80	101,066,087.88
Intercourse Funds of Other Units	57,986,662.42	738,586,568.78
Intercourse Funds of Related Parties	11,939,808.97	3,542,441.19
Petty Cash Paid	138,317.53	
Deposit security	2,180,753,383.10	2,497,012,200.80
Others	8,111,618.56	7,399,437.03
In total	2,363,276,854.38	3,347,606,735.68

## (2) Cash related to investment activities

## Other cash payment related to investment activities

Items	Amounts in the Current Period	Amounts in the Prior Period
Hebei Grease & Oil Cash and cash equivalents	9,772,907.10	
In total	9,772,907.10	

## (3) Cash related to financing activities

## A. Other cash received related to financing activities

Items	Amounts in the Current Period	Amounts in the Prior Period
Subsidies related to R&D from Beijing Capital Agriculture Group	3,090,000.00	2,760,000.00
In total	3,090,000.00	2,760,000.00

## B. Other cash paid related to financing activities

Items	Amounts in the Current Period	Amounts in the Prior Period
Lease payment amount	29,652,976.62	1,238,815.56
In total	29,652,976.62	1,238,815.56

## C. Various liability change situation From Financing Activities

Item	Beginning Balance	Increase in this period		Decrease in this period		Ending Balance
		Cash Movement	Non-cash Movement	Cash Movement	Non-cash Movement	
Short-term borrowing	1,260,543,148.81	2,440,722,851.78	44,637,869.17	2,334,699,934.09	247,724,244.00	1,163,479,691.67
Long-term borrowing	500,284,166.67	122,625,124.00	16,351,578.29	66,315,981.07	22,625,124.00	550,319,763.89
Bond Payable		298,650,000.00	3,030,000.00			301,680,000.00
Lease Liability	2,137,097.12		121,066,634.33	27,220,803.49		95,982,927.96
Total	1,762,964,412.60	2,861,997,975.78	185,086,081.79	2,428,236,718.65	270,349,368.00	2,111,462,383.52

Note: amount presented above includes that of reclassification to non-current liabilities due in one year

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

## (1) Supplementary Materials of Cash Flows Statement

Supplementary Materials	Amounts in the Current Period	Amounts in the Prior Period
<b>1. Adjusting net accounting profit to operating cash flow</b>	—	—
Net Profit	103,452,846.29	164,251,365.98
Add: Assets Impairment Reserves	29,004,360.66	43,736,036.29
Credit impairment loss	5,127,786.33	2,004,656.44
Fixed Assets Depreciation, Oil-and-gas Assets Depreciation and Productive Biological Assets Depreciation	95,114,999.37	100,395,996.41
Right-of-use assets depreciation	24,780,097.22	1,596,901.59
Amortization of Intangible Assets	14,871,472.21	14,949,175.38
Amortization of Long-term Deferred Expenses	1,646,475.12	1,574,060.61
Losses on Disposal of Fixed Assets, Intangible Assets and Other Long-term Assets (Fill in profit with symbol “—”)	-50,283.79	-311,079.19
Losses on Retirement of Fixed Assets (Fill in profit with symbol “—”)	301,549.02	112,697.31
Losses on Changes in Fair Value (Fill in profit with symbol “—”)	-228,219,839.09	-61,032,222.12
Financial Expenses (Fill in profit with symbol “—”)	64,730,900.89	46,001,727.19
Investment Losses (Fill in profit with symbol “—”)	-15,930,270.08	-13,303,071.64
Decrease in Deferred Income Tax Assets (Fill in increase with symbol “—”)	5,390,848.71	-618,700.74
Increase in Deferred Income Tax Reliabilities (Fill in decrease with symbol “—”)	676,952.83	1,154,250.79
Decrease in Inventory (Fill in increase with symbol “—”)	-253,552,786.31	-214,308,147.68
Decrease in Items of Operating Receivables (Fill in increase with symbol “—”)	368,727,261.20	-261,629,758.95
Increase in Items of Operating Receivables (Fill in decrease with symbol “—”)	-106,585,415.84	-357,804,834.70
Net Cash Flows from Operating Activities	109,486,954.74	-533,230,947.03
<b>2. Major investment and financing activities that do not involve cash payments</b>	—	—
<b>3. Net change conditions in cash and cash equivalents</b>	—	—
Cash balance at end of period	1,540,639,079.95	551,439,110.07
Less: cash balance at beginning of period	551,439,110.07	506,928,810.69
Cash and cash equivalent net increase	989,199,969.88	44,510,299.38

## (2) Net cash received from disposal of subsidiaries

Item	Amount
Cash and cash equivalents received from disposal of subsidiaries in the current period.	
Less: Cash and cash equivalents held by subsidiaries on the date of loss of control	9,772,907.10
Including: Jingliang (Hebei) Grease Industry Co., Ltd.	9,772,907.10
Add: Cash or cash equivalents received in the current period for disposal of subsidiaries in prior periods.	
Net cash received for disposal of subsidiaries	-9,772,907.10

## (3) Composition of cash and cash equivalents

Items	Balance at End of Period	Balance at Beginning of Period
One. Cash	1,540,639,079.95	551,439,110.07
Including: cash in stock	9,949.26	10,693.10
Bank deposit available for payment at any time	1,423,321,137.06	531,515,415.66
Other currency funds available for payment at any time	117,307,993.63	19,913,001.31
Two. Cash Equivalents		
Three .Balance of Cash and Cash Equivalents at End of Period	1,540,639,079.95	551,439,110.07

**62. Monetary Items of Foreign Currency**

## Monetary Items of Foreign Currency

Items	Balance of Foreign Currency at End of Period	Exchange Rate Convert	Balance of Converting to RMB at End of Period
Monetary fund	—	—	132,735,270.36
Including: US Dollars	18,740,772.64	7.0827	132,735,270.36
Other receivables	—	—	60,753,187.26
Including: US Dollars	8,577,687.50	7.0827	60,753,187.26

**63. Lease**

## (1) As Lessee

Item	Amount
Interest cost on the lease liability	4,021,828.22
Short-term lease expenses for simplified processing of related asset costs or profit or loss in the current period	1,191,590.32
Total Cash Outflow related to lease	30,083,699.70

## (2) As Lessor

## Operating lease as lessor

Item	Leasehold income	Including: Income related to variable lease payments not included in lease income
Leasehold income	1,669,556.10	
Total	1,669,556.10	

**VI Research and Development Expenses****Disclosed by nature of expenses**

Item	Amount in current period	Amount in prior period
Salary	10,986,790.95	9,938,209.22
Material expense	3,839,190.78	20,350.20
Material consumption	2,565,948.18	3,195,077.96
Fuel & Power expenses	670,315.44	8,610.00
Depreciation and Amortization Fee	590,080.30	1,118.16
Design Fee	566,037.74	566,037.72
Equipment cost	105,418.94	258,395.57
Travel expense	103,961.21	14,999.80
Others	1,470,218.17	388,565.54
Total	20,897,961.71	14,391,364.17
Including: R&D expenditure	20,897,961.71	14,391,364.17
Capitalized R&D expenditure		

**VII Change in Consolidation Scope**

During this reporting period, the company newly invested and established Jingliang (Yangpu) Grease & Oil Co., Ltd., and cancelled Jingliang (Hebei) Grain & Oil Industry Co., Ltd.,. A total of 18 subsidiaries of the Company were included in the scope of consolidation on 31 December, 2023

## VIII Equities in Other Entities

### 1. Equities in Subsidiaries

#### (1) Composition of the Company

Name of Subsidiary	Principle Place of Business	Registered Capital(In ten thousands Yuan)	Registered Place	Nature of Business	Shareholding Ratio (%)		Mode of Acquisition
					Direct	Indirect	
Jingliang (Tianjin) Grain and Oil Industry Co., Ltd.	Tianjin	56,000.00	Tianjin	Agricultural Product and By Product Processing		70.00	Merger under the same control
Beijing Jingliang Oil and Fat Co., Ltd.	Beijing	5,000.00	Beijing	Grain and oil trade		100.00	Merger under the same control
Beijing Guchuan Edible Oil Co., Ltd.	Beijing	12,558.46	Beijing	Grain and oil trade		100.00	Merger under the same control
Beijing Eisen-Lubao Oil Co., Ltd.	Beijing	5,050.00	Beijing	Agricultural Product and By Product Processing		100.00	Merger under the same control
Beijing Tianweikang Oil Distribution Center Co., Ltd.	Beijing	500.00	Beijing	Warehousing		100.00	Merger under the same control
Beijing Guchuan Bread Food Co., Ltd.	Beijing	5,550.00	Beijing	Food Processing		100.00	Merger under the same control
Zhejiang Xiao Wang Zi Food Co., Ltd.	Hangzhou	5,156.00	Hangzhou	Food Processing	17.6794	77.2072	Combination not under same control
Hangzhou Lin'an Xiaotianshi Food Co., Ltd.	Hangzhou	4,900.00	Hangzhou	Food Processing	17.6794	77.2072	ditto

Name of Subsidiary	Principle Place of Business	Registered Capital(In ten thousands Yuan)	Registered Place	Nature of Business	Shareholding Ratio (%)		Mode of Acquisition
					Direct	Indirect	
Liaoning Xiao Wang Zi Food Co., Ltd.	Liaoning	3,000.00	Liaoning	Food Processing	17.6794	77.2072	ditto
Linqing Xiao Wang Zi Food Co., Ltd.	Linqing	2,132.50	Linqing	Food Processing	17.6794	77.2072	ditto
Lin'an Chunmanyuan Agricultural Development Co., Ltd.	Hangzhou	600.00	Hangzhou	Food Processing	17.6794	77.2072	ditto
Jingliang (Singapore) International Trade Co., Ltd.	Singapore	643.35	Singapore	Grain trade		100.00	Invest in the establishment
Beijing jingliang gubi oil and grease co. LTD	Beijing	5,000.00	Beijing	Grain and oil trade		100.00	Invest in the establishment
Jingliang (Hebei) Grain & Oil Industry Co., Ltd.	Hebei	6,500.00	Hebei	Agricultural products		51.00	Merger under the same control
Beijing Jingliang Food Co., Ltd.	Beijing	134,144.76	Beijing	Investment management	100.00		Merger under the same control
Jingliang (Caofeidian) Agricultural Development Co., Ltd.	Tangshan	5,000.00	Tangshan	Plantation	51.00		Invest in the establishment
Jingliang (Yueyang) Grain and Oil Industry Co., Ltd.	Hunan	68,000.00	Hunan	Agricultural products	65.00		Invest in the establishment
Jingliang (Beijing) Food Marketing Management Co., Ltd	Beijing	800.00	Beijing	Commercial services	100.00		Invest in the establishment
Jingliang (Yangpu) Grain and Oil Industry Co., Ltd.	Hainan	50,000.00	Hainan	Agricultural Product and By Product Processing	65.00		Invest in the establishment

Note: Beijing Grain & Oil Co., Ltd. has withdrawn the capital from Jingliang (Hebei) Grain & Oil Industry Co., Ltd I during this reporting period.

(2) Major non-wholly-owned subsidiaries

Name of Subsidiary	Shareholding Ratio of Minority Shareholders (%)	Profit And Loss Attributable to Minority Shareholders for the Current Period	Dividends Distributed to Minority Shareholders for the Current Period	Balance of Minority Shareholder's Equity at the End of the Period
Jingliang (Tianjin) Grain and Oil Industry Co., Ltd.	30.00%	-1,483,442.04	62,985,200.00	222,266,423.70
Zhejiang Xiao Wang Zi Food Co., Ltd.	5.11%	21,115,388.05	45,585,600.00	198,129,283.97

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

Name of Subsidiary	Closing Balance					
	Current Assets	Non-current Assets	Total Assets	Current Liabilities	Non-current Liabilities	Total Liabilities
Jingliang (Tianjin) Grain and Oil Industry Co., Ltd.	1,690,703,873.13	715,120,631.78	2,405,824,504.91	1,401,536,126.49	263,400,299.40	1,664,936,425.89
Zhejiang Xiao Wang Zi Food Co., Ltd.	556,236,641.71	333,141,896.19	889,378,537.90	103,727,129.38	17,728,505.38	121,455,634.76

(Continued)

Name of Subsidiary	Opening Balance
--------------------	-----------------

	Current Assets	Non-current Assets	Total Assets	Current Liabilities	Non-current Liabilities	Total Liabilities
Jingliang (Tianjin) Grain and Oil Industry Co., Ltd.	1,765,160,961.33	729,047,006.26	2,494,207,967.59	1,184,852,881.71	362,661,433.41	1,547,514,315.12
Zhejiang Xiao Wang Zi Food Co., Ltd.	694,319,525.47	344,517,064.82	1,038,836,590.29	154,188,477.46	17,660,046.22	171,848,523.68

(Continued)

Name of Subsidiary	Amount incurred in the current period			
	Operating Income	Net Profit	Total Comprehensive Income	Cash Flow from Operating Activities
Jingliang (Tianjin) Grain and Oil Industry Co., Ltd.	5,567,060,384.67	9,084,326.55	9,084,326.55	341,687,731.49
Zhejiang Xiao Wang Zi Food Co., Ltd.	801,501,276.72	100,934,836.53	100,934,836.53	47,904,799.55

(Continued)

Name of Subsidiary	Amount incurred in the prior period			
	Operating Income	Net Profit	Total Comprehensive Income	Cash Flow from Operating Activities
Jingliang (Tianjin) Grain and Oil Industry Co., Ltd.	6,622,948,465.03	57,992,070.30	57,992,070.30	-838,336,853.05
Zhejiang Xiao Wang Zi Food Co., Ltd.	856,340,284.62	102,525,949.60	102,525,949.60	17,184,906.38

## 2. Equity in Joint Ventures or Affiliates

### (1). Important Joint Ventures or Affiliates

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

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

Item	Closing Balance/Current Amount	Opening Balance/Last Term Amount
	Beijing Zhengda Feed Co., Ltd.	Beijing Zhengda Feed Co., Ltd.
Current assets	319,779,538.52	301,420,356.94
Including: cash and cash equivalents	12,804,613.72	21,778,758.99
Non-current assets	19,900,378.39	21,331,443.39
Total assets	339,679,916.91	322,751,800.33
Current liabilities	58,198,209.39	75,869,110.91
Non-current liabilities	24,694,621.01	4,593,536.23
Total liabilities	82,892,830.40	80,462,647.14
Minority shareholder's equity		
Shareholders' equity attributable to the parent company	256,787,086.51	242,289,153.19
Share of net assets based on shareholding ratio	128,393,543.26	121,144,576.60
Book value of equity investment in	128,393,543.26	121,144,576.60

Item	Closing Balance/Current Amount	Opening Balance/Last Term Amount
	Beijing Zhengda Feed Co., Ltd.	Beijing Zhengda Feed Co., Ltd.
joint ventures		
Operating income	333,814,764.22	333,958,015.25
Financial costs	-8,260,978.56	-6,897,167.49
Income tax expense	4,783,324.60	8,234,800.46
Net profit	13,840,755.05	24,398,297.21
Dividends received from joint ventures in the current period	13,840,755.05	24,398,297.21

## (3) Important financial information on major affiliates

Item	Closing Balance/Current Amount	Opening Balance/Last Term Amount
	SINOGRAIN (Tianjin) Warehousing Logistics Co., Ltd.	SINOGRAIN (Tianjin) Warehousing Logistics Co., Ltd.
Current assets	59,019,697.43	122,303,388.75
Non-current assets	886,062,609.97	816,481,284.48
Total assets	945,082,307.40	938,784,673.23
Current liabilities	33,964,613.24	110,559,868.69
Non-current liabilities	506,182,569.64	438,856,701.56
Total liabilities	540,147,182.88	549,416,570.25
Minority shareholder's equity		
Shareholders' equity attributable to the parent company	404,935,124.52	389,368,102.98
Share of net assets based on shareholding ratio	121,480,537.36	116,810,430.89
Adjustments		
Book value of equity investment in affiliates	121,480,537.36	116,810,430.89
Fair value of equity investment in affiliates with open offers		
Operating income	48,403,561.21	73,584,532.63
Net profit	15,567,021.54	12,040,220.56

Item	Closing Balance/Current Amount	Opening Balance/Last Term Amount
	SINOGRAIN (Tianjin) Warehousing Logistics Co., Ltd.	SINOGRAIN (Tianjin) Warehousing Logistics Co., Ltd.
Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income	15,567,021.54	12,040,220.56
Dividends received from affiliates in the current period		

## (4) Non-important aggregated financial information on affiliates

Item	Closing Balance/Current Amount	Opening Balance/Last Term Amount
Associated enterprises: Jingliang Missme Catering Management (Beijing) Co., Ltd.		
Total of Investment Book Value	6,352,166.62	6,441,668.82
Items calculated according to shareholding ratio		
-- Net profit	-89,502.20	-446,589.18
-- Other comprehensive income		
-- Total comprehensive income	-89,502.20	-446,589.18

**IX Government Subsidies****Government subsidy included in current profit or loss**

Item	Current Amount	Last Term Amount
VAT refunds	7,349,068.91	8,038,527.08
Supporting subsidy during the establishment phase for Tianjin Lingang Industrial zone management committee	1,277,504.16	1,277,504.16
Special subsidy for infrastructure input	767,281.55	867,756.91
Increase 8000 ton Corn food production line technical innovation project subsidy fund	470,000.00	
Imported soybean financial subsidies	400,000.00	
Compensation for demolition and relocation	384,763.82	384,763.82
The disabled employment subsidy	295,659.73	421,287.35
Development zone extension supporting bonus	261,643.00	

Item	Current Amount	Last Term Amount
Beijing Municipal Food and Material Reserve Bureau "Oil Tank Expansion and Winter Transformation Project" subsidy fund	250,180.91	104,242.06
Subsidy for job stabilization	229,425.94	720,380.96
Tianjin Binhai New Area industrial technological transformation and park construction funds and science and technology expenditure	222,222.24	222,222.24
informationization monitoring equipment	200,686.32	200,686.32
Tieling Mayor qualification bonus	200,000.00	
Industrial Reunification zone policy subsidy in 2023	150,000.00	
2021-2022 Urban land use tax refund	101,200.00	
Tianjin Port Free Trade Zone Development and Reform Bureau Intelligent Manufacturing Special Fund	100,000.00	672,000.00
Provide work subsidy		267,000.00
Linan Economic information Bureau Technical Innovation subsidy		840,000.00
included demobilized soldiers employment VAT deduction		162,000.00
One-off training allowance for workers		678,600.00
Bureau of economy and information technology water balance project subsidy		150,000.00
Lin 'an employment management unemployment compensation		405,125.43
Others	490,383.18	228,850.68
In total	13,150,019.76	15,640,947.01

## X Risks Related to Financial Instruments

### 1. Risks Related to Financial Instruments

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

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

## (1) Classification of financial instruments

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

## A. December 31, 2023

Financial asset items	Financial assets measured at amortized cost	Financial assets measured at fair value and the changes recorded in current profits and losses	Financial assets measured at fair value and the changes recorded in other comprehensive income	Total
Monetary funds	1,543,385,751.86			1,543,385,751.86
Derivative financial assets		31,684,620.00		31,684,620.00
Accounts receivables	115,780,372.55			115,780,372.55
Accounts receivable financing	2,502,308.90			2,502,308.90
Other receivables	303,099,589.59			303,099,589.59
Investment in other equity instruments			20,000,000.00	20,000,000.00
non-current assets due within one-year	22,188,083.34			22,188,083.34
Other current assets		238,358,924.24		238,358,924.24
Other non-current assets	10,390,000.00			10,390,000.00

## B. December 31, 2022

Financial asset items	Financial assets measured at amortized cost	Financial assets measured at fair value and the changes recorded in current profits and losses	Financial assets measured at fair value and the changes recorded in other comprehensive income	Total
Monetary funds	561,013,109.76			561,013,109.76
Transactional financial assets		11,005,983.98		11,005,983.98
Derivative financial assets		201,549.12		201,549.12
Accounts receivables	77,057,446.86			77,057,446.86
Other receivables	444,523,698.48			444,523,698.48
Investment in other equity instruments			20,000,000.00	20,000,000.00
Non-current assets due within 1 year	148,387,894.16			148,387,894.16
Other current assets	405,999,000.00	165,881,137.81		571,880,137.81
Other non-current assets	53,544,782.34			53,544,782.34

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

A. December 31, 2023

Financial liability items	Financial liabilities measured at fair value and changes included in current profits and losses	Other financial liability	Total
Short term loans		1,163,479,691.67	1,163,479,691.67
Derivative financial liability	15,805,393.88		15,805,393.88
Notes payable		82,474,823.84	82,474,823.84

Financial liability items	Financial liabilities measured at fair value and changes included in current profits and losses	Other financial liability	Total
Accounts payable		79,618,198.78	79,618,198.78
Other Payables		400,000,000.00	400,000,000.00
Long term loans		298,800,000.00	298,800,000.00
Non-current liability due within one year		153,199,763.89	153,199,763.89

## B. December 31, 2022

Financial liability items	Financial liabilities measured at fair value and changes included in current profits and losses	Other financial liability	Total
Short term loans		1,260,543,148.81	1,260,543,148.81
Derivative financial liability	111,373,155.00		111,373,155.00
Notes payable		3,331,333.80	3,331,333.80
Accounts payable		110,911,877.21	110,911,877.21
Other Payables		83,999,685.56	83,999,685.56
Long term loans		500,284,166.67	500,284,166.67

## (2) Credit Risk

On December 31, 2023, the largest credit risk exposure that may cause financial loss to the Company mainly comes from the loss on financial assets of the Company due to the failure of the other party to perform its obligations, including:

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

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

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

## (3) Liquidity Risk

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

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

Item	December 31, 2023			
	Within One Year	One To Five Years	Above Five Years	Total
Short term loans	1,163,479,691.67			1,163,479,691.67
Derivative financial liability	15,805,393.88			15,805,393.88
Accounts payable	82,474,823.84			82,474,823.84

Item	December 31, 2023			
	Within One Year	One To Five Years	Above Five Years	Total
Other Payables	79,618,198.78			79,618,198.78
Long-term Borrowing		400,000,000.00		400,000,000.00
Notes payable		298,800,000.00		298,800,000.00
Non-current liability due within one year	153,199,763.89			153,199,763.89

(Continued)

Item	December 31, 2022			
	Within One Year	One To Five Years	Above Five Years	Total
Short term loans	1,260,543,148.81			1,260,543,148.81
Derivative financial liability	111,373,155.00			111,373,155.00
Notes payable	3,331,333.80			3,331,333.80
Accounts payable	106,405,184.62	4,506,692.59		110,911,877.21

## (4) Market risk

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

## A. Interest Rate Risk

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

As of December 31, 2023, the Company's interest-bearing liabilities under floating rate contracts denominated in RMB amounted to RMB550,000,000.00 and those under fixed rate contracts denominated in RMB amounted to RMB 1,462,279,691.67.

## B. Exchange Rate Risk

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

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

As at December 31, 2023, the Company's assets and liabilities are in RMB, except the assets or liabilities described in the table below are in US dollars.

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

Items	Closing Balance	Opening Balance
Monetary funds	132,735,270.36	26,078,226.16
Other Payable	60,753,187.26	
Short-term borrowing		208,938,000.00

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

On the assumption that foreign currency assets and foreign currency liabilities remain relatively stable and other variables remain unchanged, the after-tax impact of possible reasonable changes in exchange rate on current profits and losses and rights and interests is as follows:

Item	Current period		
	[US dollar] Exchange rate Increase /(decrease)	Gross profit/net profit increase /(decrease)	Increase/(decrease) in shareholders' equity
The RMB yuan depreciated against the US dollar	5%	9,674,422.88	9,674,422.88
The RMB yuan appreciated against the US dollar	-5%	-9,674,422.88	-9,674,422.88

(Continued)

Item	Prior period		
	[US dollar] Exchange rate Increase / (decrease)	Gross profit/net profit increase /(decrease)	Increase/(decrease) in shareholders' equity
The RMB yuan depreciated against the US dollar	5%	-9,142,988.69	-9,142,988.69
The RMB yuan appreciated against the US dollar	-5%	9,142,988.69	9,142,988.69

## 2. Hedging

(1) The Company undertake risk management through hedging operation

Item	Corresponding risk management strategy and target	Qualitative and quantitative information on hedged risk	The economic relationship between the hedged project & relevant hedged instruments	Expected effective achievement of risk management objectives	Effects of risk exposure from the relevant hedged activities
Grease & Oil/Oilseed	Using the hedging function of futures instruments to carry out hedging business, effectively avoid the risk of market price fluctuations, in order to achieve stable management	Qualitative: non-credit risk, including basis risk, substitute risk, supply-demand risk etc. Quantitative: market price fluctuation for the hedged project and instruments	Expected Fair value or cash flow due to the hedged risk of hedged project and relevant hedging instruments move in opposite direction By the Changes with the same base variable or similar base variable that is economically relevant	The target of expected risk management has been basically achieved	Effectively avoid risk exposure

## (2) The company conducts eligible hedging business and applies hedging accounting

Basis for adopting hedge accounting, including an itemized explanation of all hedged items under the fair value hedge, cash flow hedge, and the hedge of net investment in an overseas operation, as well as the corresponding hedging instruments, the risks to be hedged, the accounting period in which such hedging relationship is specified, the standards for determining the effectiveness of hedge, etc. The hedge accounting treatment methods shall be specified.

Item	Book value related to the hedged Item and instruments	Hedging Adjustments on book value of hedged item which has been recognized, in which comprises of hedged item accumulated fair value	Hedging validity and sources of hedging invalidity aspect	Effect of hedging accounting on the company's financial statements
<b>Hedging Risk Type</b>				
Risk to changes in the fair value of hedging	223,847,543.04	223,847,543.04	Effective Hedging	63,432,818.33
<b>Hedging Type</b>				
Fair value hedging	15,879,226.12	15,879,226.12	Effective Hedging	63,432,818.33

**XI Disclosure of Fair Values****1. Fair values of assets and liabilities measured at fair value at the end of the period**

Item	Fair Values at the End of the Period			
	First Level Fair Value Measurement	Second Level Fair Value Measurement	Third Level Fair Value Measurement	Total
One. Continuous fair value measurement				
I. Transactional financial assets	31,684,620.00			31,684,620.00
1. Financial assets that are measured at fair value and whose changes are included in the current profits and losses	31,684,620.00			31,684,620.00
(1) Investment in debt instruments				

Item	Fair Values at the End of the Period			
	First Level Fair Value Measurement	Second Level Fair Value Measurement	Third Level Fair Value Measurement	Total
(2) Investment in equity instruments				
(3) Derivative financial assets	31,684,620.00			31,684,620.00
2. Financial assets designated as fair value through profit or loss				
(1) Investment in debt instruments				
(2) Investment in equity instruments				
(3) Others				
II. Other debt investment				
III. Investment in other equity instruments			20,000,000.00	20,000,000.00
<b>Total assets continuously measured at fair value</b>	31,684,620.00		20,000,000.00	51,684,620.00
VI. Transactional financial liabilities	15,805,393.88			15,805,393.88
1. Financial liabilities measured at fair value with changes included in current profits and losses	15,805,393.88			15,805,393.88
Including: transactional bonds issued				
derivative financial liability	15,805,393.88			15,805,393.88
others				
2. Financial liabilities designated as fair value through profit or loss				
<b>Total liabilities continuously measured at fair value</b>	15,805,393.88			15,805,393.88

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

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

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

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

**XII Related Parties and Related Party Transactions**

**1. Parent Company of the Company**

Name of Parent Company	Registered Place	Nature of Business	Registered Capital (ten thousand Yuan)	Proportion of Shares Held by Parent Company in the Company (%)	Proportion of Voting Power Held by Parent Company in the Company (%)
Beijing Grain Group Co. Ltd.	Beijing	Investment Management	90,000.00	39.68	39.68

Note: The ultimate controlling party is Beijing State-owned Capital Operation Management Co.,Ltd.

**2. Subsidiaries of the Company**

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

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

See 2. Equity in Joint Ventures or Affiliates under Section VIII of the Notes for details.

**4. Other Related Parties**

Name of Other Related Party	Relationship with the Company
Beijing Sugar Cigarette And Wine Group Co.,Ltd. Sugar Management Branch	Controlled by the ultimate controlling party

Name of Other Related Party	Relationship with the Company
Beijing Ershang Group Co., Ltd	Controlled by the ultimate controlling party
Beijing Guchuan Food Co., Ltd.	Controlled by the ultimate controlling party
Shandong Fukuan Bioengineering Co., Ltd	Controlled by the ultimate controlling party
Beijing Jingliang Dongfang Grain and Oil Trading Co., Ltd.	Controlled by the ultimate controlling party
Beijing Food Group Co., Ltd.	Controlled by the ultimate controlling party
Beijing Shounong Development Co., Ltd.	Controlled by the ultimate controlling party
Beijing Huayu Food Co., Ltd	Controlled by the ultimate controlling party
Shanghai Shounong Investment Holdings Co., Ltd	Controlled by the ultimate controlling party
Beijing Centennial Liyuan Ecological Agriculture Co., Ltd	Controlled by the ultimate controlling party
Beijing Changyang Farming Co., Ltd.	Controlled by the ultimate controlling party
Beijing Southern Rural Agricultural Production and Operation Management Co., Ltd.	Controlled by the ultimate controlling party
Beijing Sanyuan Food Co., Ltd	Controlled by the ultimate controlling party
Beijing Ailai Faxi Food Co., Ltd	Controlled by the ultimate controlling party
Beijing Jingtang Shengshi Meili Hua Trading Co., Ltd.	Controlled by the ultimate controlling party
Beijing Beishui Yongxing Product Sales Co., Ltd.	Controlled by the ultimate controlling party
Beijing Ershang Jinghua Tea Industry Co., Ltd.	Controlled by the ultimate controlling party
Beijing Liubiju Food Co., Ltd	Controlled by the ultimate controlling party
Beijing Ershang Moqi Zhonghong Food Co., Ltd.	Controlled by the ultimate controlling party
Beijing Vegetable Co., Ltd.	Controlled by the ultimate controlling party
Beijing Yueshengzhai Qingzhen Food Co., Ltd.	Controlled by the ultimate controlling party
Beijing Yanxi Yueshengzhai Qingzhen Food Co., Ltd.	Controlled by the ultimate controlling party

Name of Other Related Party	Relationship with the Company
Beijing Ershang Dahongmen Five Meat Union Food Co. Ltd	Controlled by the ultimate controlling party
Beijing Ershang Muxiangyuan Qingzhen Meat Food Co. Ltd.	Controlled by the ultimate controlling party
Beijing Shounong Dian to Net Commercial Chain Co., Ltd	Controlled by the ultimate controlling party
Beijing Ancient Ship Rice Industry Co., Ltd	Controlled by the ultimate controlling party
Beijing Shuangtong Huihe Agricultural Science and Technology Development Co., Ltd	Controlled by the ultimate controlling party
Beijing Heiliu Animal Husbandry Technology Co., Ltd	Controlled by the ultimate controlling party
Beijing Heiliu Animal Husbandry Technology Co., Ltd Food Centre	Controlled by the ultimate controlling party
Heilongjiang Gannan Shuanghe Rice Industry Co. Ltd.	Controlled by the ultimate controlling party
Beijing Huadu Sales Co. Ltd.	Controlled by the ultimate controlling party
Beijing Shounong Grain Reserve Co., Ltd	Controlled by the ultimate controlling party
Beijing Food Supply Department No. 34 Supply Department Co., Ltd	Controlled by the ultimate controlling party
Beijing Wuhuan Shuntong Supply Chain Management Co., Ltd	Controlled by the ultimate controlling party
Beijing Shounong Commercial Chain Co., Ltd	Controlled by the ultimate controlling party
Hebei Anping Dahongmen Food Co., Ltd.	Controlled by the ultimate controlling party
Kaifeng Dahongmmen Meat Food Co., Ltd.	Controlled by the ultimate controlling party
Beijing Jingliang Biotechnology Group Co., Ltd	Controlled by the ultimate controlling party
Beijing Xing Fashion Trading Co., Ltd	Controlled by the ultimate controlling party
Beijing Shounong Food Group Co., Ltd	Controlled by the ultimate controlling party
Hebei Luanping Huadu Food Co., Ltd	Controlled by the ultimate controlling party
Beijing Cailanzi Group Co., Ltd	Controlled by the ultimate controlling party
Beijing Shoucheng Shanshui Real Estate Co., Ltd	Controlled by the ultimate controlling party

Name of Other Related Party	Relationship with the Company
Beijing Baijiayi Food Co., Ltd	Controlled by the ultimate controlling party
Hebei Sanyuan Food Co., Ltd	Controlled by the ultimate controlling party
Beijing Beifang Jingtang Yangjiu Sales Co. , Ltd.	Controlled by the ultimate controlling party
Beijing Haiyunxing shuichan Food Co., Ltd	Controlled by the ultimate controlling party
Beijing Liubiju Food Co., Ltd	Controlled by the ultimate controlling party
Beijing Lanfeng Vegetable Distribution Co., Ltd	Controlled by the ultimate controlling party
Tianjin Xincheng Kangda Pharmaceutical Co., Ltd	Controlled by the ultimate controlling party
Beijing Jingliang Taiyu Real Estate Co., Ltd	Controlled by the ultimate controlling party
Beijing Grain Science Research Institute Co., Ltd	Controlled by the ultimate controlling party
Beijing Zhangxin Grain Reserve Co., Ltd	Controlled by the ultimate controlling party
Beijing Haidian West Suburb Grain and Oil Supply Station Co., Ltd	Controlled by the ultimate controlling party
Beijing Jingmen Lianshi Asset Operation Management Co. Ltd.	Controlled by the ultimate controlling party
Beijing Sanjiadian Grain Collection and Storage Co., Ltd	Controlled by the ultimate controlling party
Beijing Jingdu Jinggu Grain Purchase and Sales Co., Ltd.	Controlled by the ultimate controlling party
Beijing Taoshan Grain Reserve Co., Ltd	Controlled by the ultimate controlling party
Beijing Longqing Xiadu Military Food Supply Co., Ltd	Controlled by the ultimate controlling party
Beijing Shounong Food Group Finance Co., Ltd	Controlled by the ultimate controlling party
Beijing Shenghua Sihe Asset Management Co., Ltd	Controlled by the ultimate controlling party
Beijing Desheng Hotel Co., Ltd	Controlled by the ultimate controlling party
Beijing Shounong Consumption Poverty Alleviation and Innovation Center Co., Ltd	Controlled by the ultimate controlling party
Beijing Shounong Commercial Chain Co., Ltd. Yanqing Branch	Controlled by the ultimate controlling party

Name of Other Related Party	Relationship with the Company
Beijing Shounong Xiangshan Conference Centre Co., Ltd.	Controlled by the ultimate controlling party
Beijing Shounong Xiangshan Commercial Co., Ltd.	Controlled by the ultimate controlling party
Beijing Beijiao Farm Co., Ltd	Controlled by the ultimate controlling party
Beijing Yanqing Farm Co., Ltd	Controlled by the ultimate controlling party
Beijing Jingtang Dingsheng Trading Co., Ltd.	Controlled by the ultimate controlling party
Beijing Jingliang E-Commerce Co., Ltd	Controlled by the ultimate controlling party
Beijing Wang Zhihe Food Co., Ltd	Controlled by the ultimate controlling party
Beijing Sanyuan Seed Industry Technology Co., Ltd Feeding Co., Ltd.	Controlled by the ultimate controlling party
Hebei Shounong Modern Agricultural Technology Co., Ltd	Controlled by the ultimate controlling party
Beijing Shounong Weiye Group Co., Ltd	Controlled by the ultimate controlling party
Beijing Ershang Xijie Food Co., Ltd	Controlled by the ultimate controlling party
Beijing Zhujun Grain and Oil Supply Co., Ltd	Controlled by the ultimate controlling party
Beijing Children soldiers grain and oil supply Co., L	Controlled by the ultimate controlling party
Beijing Shounong University Kitchen Supply Chain Management Group Co., Ltd	Controlled by the ultimate controlling party
Beijing Hongyuan Lijun Grain and Oil Supply Co., Ltd	Controlled by the ultimate controlling party
Beijing Food Group Co., Ltd	Controlled by the ultimate controlling party
Beijing Nanyuan Plant Oil Factory.	Controlled by the ultimate controlling party
Beijing Shounong Emergency Security Centre Co.,Ltd.	Controlled by the ultimate controlling party
Beijing Dahongmen Grain Storage Co., Ltd	Controlled by the ultimate controlling party
Beijing Xinanjiao Food Co. Ltd.	Controlled by the ultimate controlling party
Jingliang Dian to Net (Beijing) Commerce Co., Ltd.	Controlled by the ultimate controlling party

Name of Other Related Party	Relationship with the Company
Beijing Yunong Quality Agricultural Products Planting Co., Ltd.	Controlled by the ultimate controlling party
Beijing Guchuan Bread Food Co., Ltd.	Controlled by the ultimate controlling party
Beijing Etshang Group Co., Ltd Taikang Cultural Branch	Controlled by the ultimate controlling party

Note: Beijing Zhujun Grain and Oil Supply Co., Ltd, Beijing Hongyuan Lijun Grain and Oil Supply Co., Ltd. and Beijing Children soldiers grain and oil supply Co., Ltd. have been cancelled.

## 5. Related-party Transactions

(1) Related-party transactions for purchasing and selling goods and provision and acceptance of labor services

Purchase of goods or acceptance of labor services

Related Party	Related-party Transaction	Current Amount	Amount of transactions approved(in ten thousands Yuan)	Whether the transaction limit is exceeded	Last Term Amount
Beijing Ancient Ship Rice Industry Co., Ltd	Purchase of goods	14,292,852.94	1,800.00	No	6,710,236.13
Shanghai Shounong Investment Holdings Co., Ltd	Purchase of goods	539,708,185.60	65,000.00	No	
Other related entities	Purchase of goods	5,247,471.99	1,400.00	No	12,256,382.94
Other related entities	Acceptance of labor services	720,000.00	50.00	Yes	631,603.77

Sale of goods/ provision of labor services

Related Party	Related-party Transaction	Current Amount	Last Term Amount
Beijing Shounong Development Co.,Ltd.	Sale of goods	630,970.43	
Beijing Shounong Dian to Net Commercial Chain Co., Ltd	Sale of goods	218,197.97	
Beijing Changyang Farming Co., Ltd	Sale of goods	203,934.49	
Beijing Food Supply Department No. 34 Supply Department Co., Ltd	Sale of goods	2,470,489.49	1,933,686.47
Beijing Ershang Dahongmen Five Meat Union Food Co. Ltd	Sale of goods	294,726.60	
Hebei Anping Dahongmen Food Co., Ltd.	Sale of goods	990,192.64	
Hebei Luanping Huadu Food Co., Ltd	Sale of goods	41,460,731.02	24,869,269.53
Beijing Baijiayi Food Co., Ltd	Sale of goods	2,949,855.06	1,634,422.04
Beijing Wuhuan Shuntong Supply Chain Management Co., Ltd	Sale of goods	1,655,185.55	2,807,417.64
Beijing Sanyuan Food Co., Ltd	Sale of goods	555,614.68	
Beijing Ailai Faxi Food Co., Ltd	Sale of goods	262,055.00	
Hebei Sanyuan Food Co., Ltd	Sale of goods	1,104,504.04	3,936,383.48
Beijing Liubiju Food Co., Ltd	Sale of goods	6,806,152.29	5,233,334.94
Beijing Lanfeng Vegetable Distribution Co., Ltd	Sale of goods	434,845.88	773,434.88
Beijing Guchuan Food Co., Ltd	Sale of goods	467,677.57	1,398,392.53
Beijing Jingliang East Grain & Oil Trade Co. Ltd,	Sale of goods	4,599,856.82	5,706,941.17
Beijing Zhangxin Grain Reserve Co., Ltd	Sale of goods	1,873,412.84	1,487,322.95
Beijing Haidian West Suburb Grain and Oil Supply Station Co., Ltd	Sale of goods	3,683,775.23	4,977,243.14
Beijing Jingdu Jinggu Grain Purchase and Sales Co., Ltd	Sale of goods	1,582,317.43	1,168,807.35
Beijing Longqing Xiadu Military Food Supply Co., Ltd	Sale of goods	409,541.28	
Beijing Shounong Consumption Poverty Alleviation and Innovation Center Co., Ltd	Sale of goods	10,551,761.44	12,896,905.51
Beijing Shounong Xiangshan Commercial Co., Ltd.	Sale of goods	632,073.40	
Shanghai Shounong Investment Holdings Co., Ltd	Sale of goods	431,726,713.75	214,613,311.32
Beijing Wang Zhihe Food Co., Ltd	Sale of goods	22,972,286.89	66,830,285.30
Beijing Sanyuan Seed Industry Technology Co., Ltd Feeding Co., Ltd.	Sale of goods	57,986,292.75	57,112,231.88

Related Party	Related-party Transaction	Current Amount	Last Term Amount
Hebei Shounong Modern Agricultural Technology Co., Ltd	Sale of goods	18,014,186.33	19,281,001.32
Beijing Shounong Weiye Group Co., Ltd	Sale of goods		17,523,217.37
Beijing Ershang Xijie Food Co., Ltd	Sale of goods		7,764,752.62
Beijing Zhujun Grain and Oil Supply Co., Ltd	Sale of goods		2,589,779.81
Beijing Children soldiers grain and oil supply Co., L	Sale of goods		1,790,825.70
Beijing Shounong University Kitchen Supply Chain Management Group Co., Ltd	Sale of goods		927,483.93
Beijing Hongyuan Lijun Grain and Oil Supply Co., Ltd	Sale of goods		202,752.29
Other-related entities	Sale of goods	1,119,432.14	2,799,826.98
Beijing Capital Agribusiness & Foods Group	Provision of services	11,438,400.93	11,113,947.81
Shanghai Shounong Investment Holdings Co., Ltd	Provision of services	16,755,090.46	5,392,403.90

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

## (2) Related-party lease

If the Company is the lessor

Name of Lessee	Type of Leased Asset	Lease Income Recognized in the Current Period	Lease Income Recognized in the Prior Period
Beijing Jingliang E-commerce Co., Ltd.	Vehicle	22,530.26	22,530.26

If the Company is the lessee

Name of Lessee	Type of Leased Asset	Rental cost of simplified treatment of short-term lease and low-value lease asset		Variable lease payment not included in the calculation of lease liabilities	
		Lease Expense Recognized in the Current	Lease Expense Recognized in	Lease Expense Recognized in the Current	Lease Expense Recognized

		Period	the Prior Period	Period	in the Prior Period
Beijing Grain Group Co., Ltd.	House leasing	792,986.42	1,048,715.69		
Beijing Nanyuan Plant Oil Factory	House leasing	323,809.52	331,694.32		
Beijing Shounong Food Emergency Security Centre	House leasing	2,408,256.88	2,339,449.54		
Beijing Shounong Development Co., Ltd.	House leasing		2,747,664.01		
Beijing Dahongmen Grain Storage Co., Ltd	House leasing	417,672.07	626,936.95		
Beijing Xinanjiao Food Co. Ltd.	House leasing		44,036.70		
Beijing Grain Science Research Institute Co., Ltd	House leasing				

(Continued )

Name of Lessee	Payment of rent		Interest expense on lease liabilities		Increase in right-of-use assets	
	Lease Expense Recognized in the Current Period	Lease Expense Recognized in the Prior Period	Lease Expense Recognized in the Current Period	Lease Expense Recognized in the Prior Period	Lease Expense Recognized in the Current Period	Lease Expense Recognized in the Prior Period
Beijing Grain Group Co., Ltd.		860,000.00				
Beijing Nanyuan Plant Oil Factory	340,000.00	348,279.04				

Name of Lessee	Payment of rent		Interest expense on lease liabilities		Increase in right-of-use assets	
	Lease Expense Recognized in the Current Period	Lease Expense Recognized in the Prior Period	Lease Expense Recognized in the Current Period	Lease Expense Recognized in the Prior Period	Lease Expense Recognized in the Current Period	Lease Expense Recognized in the Prior Period
Beijing Shounong Emergency Security Centre Co.,Ltd.	2,625,000.00	2,550,000.00				
Beijing Shounong Development Co., Ltd.		2,994,953.76				
Beijing Dahongmen Grain Storage Co., Ltd	438,555.67	658,283.79				
Beijing Xinanjiao Food Co. Ltd.		48,000.00				
Beijing Grain Science Research Institute Co., Ltd	28,080,000.00		3,970,789.04	-	117,043,974.80	

## (3) Remuneration for key management staff

Item	Current Amount (Unit: ten thousand yuan)	Last Term Amount (Unit: ten thousand yuan)
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Remuneration for Key Management Staff	1,074.56	1,168.45
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## (4) Other Related-party Transactions

Guaranteed Party	Related-party Transaction	Current Amount	Last Term Amount
Beijing Dahongmen Foodstuff Storage	Heating cost, cleaning service, electricity fees		84,663.79
Beijing Shounong Development Co., Ltd.	Utilities, property fees		129,970.81
Beijing Shounong Xiangshan Conference Centre Co., Ltd.	Conference service fees		44,130.38
Beijing Shounong Food Group Finance Co., Ltd.	Interest income	5,553,229.60	2,295,571.07
Beijing Guchuan Food Co., Ltd.	Brand royalty	2,168,860.67	2,601,649.71
Beijing Guchuan Rice Co., Ltd.	Brand royalty	148,171.96	140,583.79
Beijing Jingliang Dongfang Grain and Oil Trading Co., Ltd.	Brand royalty	1,205.83	2,996.50

**6. Related party Receivables and Payables**

## (1) Receivables

Item	Related-party	Closing Balance		Opening Balance	
		Book Balance	Provision for Bad Debts	Book Balance	Provision for Bad Debts
Monetary funds	Beijing shounong Food Group Finance Co., Ltd	890,056,629.88		339,487,167.33	
Receivables	Beijing Food Supply Department No. 34 Supply Department Co., Ltd	67,680.00		279,035.00	
Receivables	Beijing Ershang Dahongmen Five Meat Union Food Co. Ltd	477.00			
Receivables	Hebei Anping Dahongmen Food Co., Ltd.	86,000.00			

Item	Related-party	Closing Balance		Opening Balance	
		Book Balance	Provision for Bad Debts	Book Balance	Provision for Bad Debts
Receivables	Kaifeng Dahongmmen Meat Food Co., Ltd.	64,500.00			
Receivables	Beijing Shounong Dian to Net Commercial Chain Co., Ltd	53,886.00		95,120.40	
Receivables	Hebei Luanping Huadu Food Co., Ltd	3,619,958.60		3,548,214.00	
Receivables	Beijing baijiayi Food Co., Ltd	228,000.00		180,695.00	
Receivables	Beijing Sanyuan Food Co., Ltd	112,290.00			
Receivables	Beijing Lanfeng Vegetable Distribution Co., Ltd	36,765.00		84,200.00	
Receivables	Beijing Ershang Group Co., Ltd	13,200.00			
Receivables	Beijing Jingliang Dongfang Grain and Oil Trading Co., Ltd.	212,077.75		1,198,484.00	
Receivables	Beijing Zhangxin Grain Reserve Co., Ltd	99,000.00		665,000.00	
Receivables	Beijing Shounong Consumption Assistance Innovation and Entrepreneurship Center Co., Ltd.	399,500.00		1,737,500.00	
Receivables	Shanghai Sunlon Investment HOLDINGS Ltd.	677,093.11			
Receivables	Feed Branch of Beijing Sanyuan Seed Technology Co., Ltd	2,271,574.62		2,056,939.44	

Item	Related-party	Closing Balance		Opening Balance	
		Book Balance	Provision for Bad Debts	Book Balance	Provision for Bad Debts
Receivables	Hebei Shounong Modern Agricultural Technology Co., Ltd	1,047,816.96			
Receivables	Hebei Sanyuan Food Co., Ltd			1,685,000.00	
Receivables	Beijing Guchun Food Co., Ltd			82,800.00	
Receivables	Beijing Haidian West Suburb Grain and Oil Supply Station Co., Ltd			82,500.00	
Receivables	Beijing Shoucheng Shanshui Real Estate Co., Ltd			33,355.00	
Receivables	Beijing Yunong Quality Agricultural Products Planting Co., Ltd			3,120.00	
Other Receivables	Beijing Guchuan Rice Industry Co. Ltd	50,000.00		50,000.00	
Other Receivables	Beijing Dahongmen Grain Storage Co., Ltd			55,232.00	

## (2) Payables

Item	Related-party	Closing Balance	Opening Balance
Payables	Beijing Nanjiao Agricultural Production Operation Management Co. Ltd.	410.00	
Payables	Beijing Sugar Cigarette And Wine Group Co.,Ltd. Sugar Management Branch	3,763.10	
Payables	Beijing Ershang Meat Group Co., Ltd	3,633.06	
Payables	Beijing Ershang Dahongmen Five Meat Union Food Co. Ltd	96.79	19,115.04
Payables	Beijing Shounong Development Co.,Ltd	559,500.00	

Item	Related-party	Closing Balance	Opening Balance
Payables	Beijing Shounong Grain Reserve Co., Ltd	720,000.00	
Payables	Beijing Guchun Food Co., Ltd	464,000.00	240,000.00
Payables	Beijing Heiliu Animal Husbandry Technology Co., Ltd		2,826.00
Payables	Beijing Centennial Liyuan Ecological Agriculture Co., Ltd		110.00
Payables	Beijing Sanyuan Food Co., Ltd		50.48
Other payables	Beijing Etshang Group Co., Ltd Taikang Cultural Branch	210.00	
Other payables	Beijing Grain Group Co., Ltd.	3,456,200.00	2,862,750.30
Other payables	Hebei Sanyuan Food Co., Ltd		140,000.00
Other payables	Beijing Jingliang E-Commerce Co., Ltd	42,432.00	67,891.21
Other payables	Shanghai Sunlon Investment HOLDINGS Ltd.	188,422.48	
Contract liability	Beijing Shuangtong Huihe Agricultural Science and Technology Development Co., Ltd	2,201.83	
Contract liability	Shanghai Sunlon Investment HOLDINGS Ltd.	7,259,750.24	3,448,410.37
Contract liability	Beijing Liubiju Food Co., Ltd		59,300.00
Contract liability	Beijing Jingliang Dongfang Grain and Oil Trading Co., Ltd.		15,088.20
Contract liability	Beijing Wuhuan Shuntong Supply Chain Management Co., Ltd		3,192.54
Contract liability	Beijing Shounong Commercial Chain Co., Ltd		293.20
Other payables	Beijing Shuangtong Huihe Agricultural Science and Technology Development Co., Ltd	198.17	
Other payables	Shanghai Sunlon Investment HOLDINGS Ltd.	653,377.52	

### XIII Share based payment

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

### XIV Commitments and Contingencies

By the end of this report, the company and its holding subsidiaries have approved the amount of guarantee 5.359 billion yuan, and the actual amount of guarantee of the company and its holding subsidiaries is 1.167 billion yuan, accounting for 36.84% of the company's audited net assets attributable to the parent company in the latest period, which are all guarantees between the company and its holding subsidiaries. There is no guarantee provided by the Company and its holding subsidiary to any entity other than the consolidated statement, and there is no delay in external guarantee, guarantee involving litigation or loss due to the judgment of loss due to guarantee.

## XV Events after the Balance Sheet Date

### Distribution of Profits

Proposed allocation of dividends (yuan) per every 10 shares	0.71
Dividends (yuan) declared after review and approval per every 10 shares	0.71
Profit distribution plan	The Company held 11th meeting of 10th session board of directors on 28 March 2024, considering the adoption Year 2023 Annual Profit Distribution Plan, agreed to issue cash bonus in total of 51,613,467.82 yuan, at 0.71yuan (including tax) per 10 shares for all shareholders, which is based on the total shares of 726,950,251.00 on 31 Dec 2023, therefore the total payout ratio therefore amounting to 50.43%. The schemes of distribution of profits shall distribute cash dividends without bonus shares issuing or conversion of capital reserve funds to share capital.

## XVI Other Important Matters

### 1. Annuity Plan

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

### 2. Information of Division

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

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

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

Item	Food Processing	Oil & Grease	Offset Among Divisions	Total
Operating income	935,184,271.41	10,909,755,649.64	10,406.73	11,844,929,514.32
Operating costs	714,515,550.37	10,787,126,093.80	10,406.73	11,501,631,237.44
Total assets	982,747,268.12	5,875,035,716.78	361,000,000.00	6,496,782,984.90
Total liabilities	130,404,007.61	3,152,047,678.25	361,000,000.00	2,921,451,685.86

**XVII Notes to Main Financial Statement Items of Parent Company****1. Other Receivable**

Item	Closing Balance	Opening Balance
Dividends receivable		150,000,000.00
Other receivables	950,000,000.00	199,000,000.00
Total	950,000,000.00	349,000,000.00

## (1) Dividend Receivable

Item(s)	Closing Balance	Opening Balance
Dividend receivable accounting age Within 1 Year		150,000,000.00
Including (1)Beijing Jingliang Food Co., Ltd.		150,000,000.00
Total		150,000,000.00

## (2) Other Receivables

## A. Disclosed according to aging

Aging	Closing Balance	Opening Balance
Within 1 Year (including 1 year)	800,000,000.00	29,000,000.00
1 to 2 years (including 2 years)	29,000,000.00	170,000,000.00
2 to 3 years (including 3 years)	121,000,000.00	
Total	950,000,000.00	199,000,000.00

## B. Classification of other receivables by nature of funds

Nature of Funds	Book Balance at End of Period	Book Balance at Beginning of Year
Intercourse Funds of Entities	950,000,000.00	199,000,000.00
Total	950,000,000.00	199,000,000.00

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

Name of Organization	Balance at End of Period	Proportion in overall Closing Balance of other receivables (%)	Nature of Funds	Aging	Closing Balance of bad debt reserves
Beijing Jingliang Food Co., Ltd.	950,000,000.00	100.00	Related party borrowing	Within 3 years	
Total	950,000,000.00	100.00			

**2. Long-term Equity Investment**

Item	Closing Balance		
	Book Balance	Provision for Impairment	Book Value
Investment in subsidiaries	2,625,657,283.19		2,625,657,283.19
Total	2,625,657,283.19		2,625,657,283.19

(Continued)

Item	Opening Balance		
	Book Balance	Provision for Impairment	Book Value
Investment in subsidiaries	2,619,157,283.19		2,619,157,283.19
Total	2,619,157,283.19		2,619,157,283.19

## Investment in subsidiaries

Invested Entity	Opening Balance	Current Increase	Current Decrease	Closing Balance	Current Provision for Impairment	Closing Balance of Provision for Impairment
Beijing Jingliang Food Co., Ltd.	2,336,639,964.05			2,336,639,964.05		
Zhejiang little prince Food Co., Ltd	249,017,319.14			249,017,319.14		
Jingliang (Yangpu) Grain and Oil Industry Co., Ltd.		6,500,000.00		6,500,000.00		
Jingliang (Caofeidian) Agricultural Development Co., Ltd.	25,500,000.00			25,500,000.00		
Jingliang (Beijing) Food Marketing Management Co., Ltd	8,000,000.00			8,000,000.00		
Total	2,619,157,283.19	6,500,000.00		2,625,657,283.19		

### 3. Operating Income and Operating costs

Details of operating income and operating costs

Item	Current Amount		Last Term Amount	
	Income	Cost	Income	Cost
Other businesses	12,240,221.13	341,162.52	11,768,886.09	341,162.52
Total	12,240,221.13	341,162.52	11,768,886.09	341,162.52

### 4. Income from investment

Sources of investment income	Current Amount	Last Term Amount
Long term equity investment income calculated by cost method	300,509,614.85	163,430,984.15
Total	300,509,614.85	163,430,984.15

## XVIII. Supplementary Information

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

Details of non-recurring profit and loss	Amount	Note
Gains and losses on disposal of non current assets, including provision for asset impairment write-off portion	3,689,977.61	
Government subsidies included in the current profits and losses (closely related to the business of the enterprise, except the government subsidies enjoyed according to the national unified standard quota or quantitative)	4,051,043.54	
In addition to the effective hedging business related to the normal business of the company, the profit and loss from changes in fair value arising from the holding of financial assets and financial liabilities by non-financial enterprises, as well as the investment income from the disposal of financial assets and financial liabilities	586,238.54	
Income from custodial fees obtained from entrusted operations	11,438,400.93	
Other non-operating income and expenses other than the above	3,098,255.84	
Other profit and loss items that meet the definition of non recurring profit and loss		
Less: amount affected by income tax	2,545,032.87	
Non recurring profit and loss attributable to minority shareholders (after tax)	649,766.78	
Total	19,669,116.81	

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

## Situation on return on equity and earnings per share

Current Profit	Weighted Return on Average Equity (ROAE) (%)	EPS	
		Basic EPS	Diluted EPS
Net profit attributable to the Company's common shareholders	3.29	0.14	0.14
Net profit attributable to common shareholders after deduction of non-recurring gains and losses	2.65	0.11	0.11

Hainan Jingliang Holdings Co., Ltd.

30 March 2024