

山东省中鲁远洋渔业股份有限公司

2017 年半年度财务报告

SHANDONG ZHONGLU OCEANIC FISHERIES CO.,LTD

二〇一七年八月二十九日

## I. Audit reports

Whether the semi-annual report was audited or not

Yes  No

The financial report of this semi-annual report was unaudited

## II. Financial statements

Units in Notes of Financial Statements is RMB

### 1. Consolidated balance sheet

Prepared by: Shandong Zhonglu Oceanic Fisheries Co., Ltd

2017-06-30

In RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	102,884,493.47	129,521,203.29
Settlement provisions		
Capital lent		
Financial assets measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		
Notes receivable		
Accounts receivable	41,823,925.36	42,679,066.65
Accounts paid in advance	9,416,627.12	7,787,603.40
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Interest receivable		
Dividend receivable		
Other receivables	6,957,211.27	9,384,672.16
Purchase restituted finance asset		
Inventories	211,862,695.24	154,636,414.05
Divided into assets held for sale		
Non-current asset due within one year		

Other current assets	33,268,828.90	23,748,949.31
Total current assets	406,213,781.36	367,757,908.86
Non-current assets:		
Loans and payments on behalf		
Finance asset available for sales		
Held-to-maturity investment		
Long-term account receivable		
Long-term equity investment		
Investment property	32,309,303.25	32,338,392.18
Fixed assets	399,550,767.01	415,683,489.86
Construction in progress	152,869,726.81	4,066,989.68
Engineering material		
Disposal of fixed asset	-15,678.87	
Productive biological asset		
Oil and gas asset		
Intangible assets	12,916,096.12	13,107,393.57
Expense on Research and Development		
Goodwill		
Long-term expenses to be apportioned	622,977.35	
Deferred income tax asset		
Other non-current asset	2,285,524.92	2,285,524.92
Total non-current asset	600,538,716.59	467,481,790.21
Total assets	1,006,752,497.95	835,239,699.07
Current liabilities:		
Short-term loans	168,666,366.61	54,961,454.59
Loan from central bank		
Absorbing deposit and interbank deposit		
Capital borrowed		
Financial liability measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		
Notes payable		
Accounts payable	103,110,640.88	59,173,732.88

Accounts received in advance	7,948,258.28	19,940,900.11
Selling financial asset of repurchase		
Commission charge and commission payable		
Wage payable	20,956,213.42	30,612,403.76
Taxes payable	1,183,524.32	1,344,879.85
Interest payable		86,747.10
Dividend payable		
Other accounts payable	7,608,658.44	5,221,040.82
Reinsurance payables		
Insurance contract reserve		
Security trading of agency		
Security sales of agency		
Divided into liability held for sale		
Non-current liabilities due within 1 year	433,292.74	866,585.48
Other current liabilities		
Total current liabilities	309,906,954.69	172,207,744.59
Non-current liabilities:		
Long-term loans		
Bonds payable		
Including: preferred stock		
Perpetual capital securities		
Long-term account payable		
Long-term wages payable	1,699,751.84	1,699,751.84
Special accounts payable		
Projected liabilities		
Deferred income	10,572,454.62	10,572,454.62
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	12,272,206.46	12,272,206.46
Total liabilities	322,179,161.15	184,479,951.05
Owner's equity:		
Share capital	266,071,320.00	266,071,320.00
Other equity instrument		

Including: preferred stock		
Perpetual capital securities		
Capital public reserve	279,998,206.82	279,998,206.82
Less: Inventory shares		
Other comprehensive income	-310,326.09	-665,059.07
Reasonable reserve		
Surplus public reserve	21,908,064.19	21,908,064.19
Provision of general risk		
Retained profit	82,351,322.64	50,349,731.78
Total owner's equity attributable to parent company	650,018,587.56	617,662,263.72
Minority interests	34,554,749.24	33,097,484.30
Total owner's equity	684,573,336.80	650,759,748.02
Total liabilities and owner's equity	1,006,752,497.95	835,239,699.07

Legal Representative: Chi Weizhen

Person in Charge of Accounting: Yue Juan

Person in Charge of Accounting Department: Lei Lixin

## 2. Balance Sheet of Parent Company

In RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	10,826,333.59	43,007,956.89
Financial assets measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		
Notes receivable		
Accounts receivable	10,152,444.68	13,062,916.00
Account paid in advance	6,400,994.97	734,980.49
Interest receivable		
Dividends receivable		
Other receivables	63,207,947.36	39,910,882.35

Inventories	32,853,149.11	35,431,052.28
Divided into assets held for sale		
Non-current assets maturing within one year		
Other current assets	847,311.46	848,434.74
Total current assets	124,288,181.17	132,996,222.75
Non-current assets:		
Available-for-sale financial assets		
Held-to-maturity investments		
Long-term receivables	6,286,413.22	6,078,056.38
Long-term equity investments	204,189,455.23	204,189,455.23
Investment property	32,309,303.25	32,338,392.18
Fixed assets	82,806,461.10	89,752,865.40
Construction in progress		
Project materials		
Disposal of fixed assets		
Productive biological assets		
Oil and natural gas assets		
Intangible assets	23,204.37	22,566.74
Research and development costs		
Goodwill		
Long-term deferred expenses	622,977.35	
Deferred income tax assets		
Other non-current assets	285,524.92	285,524.92
Total non-current assets	326,523,339.44	332,666,860.85
Total assets	450,811,520.61	465,663,083.60
Current liabilities:		
Short-term borrowings		
Financial liability measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		
Notes payable		
Accounts payable	5,677,586.89	10,161,960.89
Accounts received in advance	1,448,468.77	2,530,163.00

Wage payable	10,703,006.68	15,154,703.75
Taxes payable	518,656.55	242,626.86
Interest payable		
Dividend payable		
Other accounts payable	71,745,021.05	81,881,163.31
Divided into liability held for sale		
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	90,092,739.94	109,970,617.81
Non-current liabilities:		
Long-term loans		
Bonds payable		
Including: preferred stock		
Perpetual capital securities		
Long-term account payable		
Long-term wages payable	1,188,790.98	1,188,790.98
Special accounts payable		
Projected liabilities		
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	1,188,790.98	1,188,790.98
Total liabilities	91,281,530.92	111,159,408.79
Owners' equity:		
Share capita	266,071,320.00	266,071,320.00
Other equity instrument		
Including: preferred stock		
Perpetual capital securities		
Capital public reserve	279,115,900.17	279,115,900.17
Less: Inventory shares		
Other comprehensive income		
Reasonable reserve		

Surplus reserve	19,184,672.34	19,184,672.34
Retained profit	-204,841,902.82	-209,868,217.70
Total owner's equity	359,529,989.69	354,503,674.81
Total liabilities and owner's equity	450,811,520.61	465,663,083.60

### 3. Consolidated Profit Statement

In RMB

Item	Current Period	Last Period
I. Total operating income	440,178,091.75	407,890,793.78
Including: Operating income	440,178,091.75	407,890,793.78
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	406,876,087.35	398,752,608.95
Including: Operating cost	378,367,434.21	382,196,992.60
Interest expense		
Commission charge and commission expense		
Cash surrender value		
Net amount of expense of compensation		
Net amount of withdrawal of insurance contract reserve		
Bonus expense of guarantee slip		
Reinsurance expense		
Operating tax and extras	1,705,436.85	240,450.97
Sales expenses	4,081,303.48	2,738,457.38
Administration expenses	16,193,699.81	14,381,558.82
Financial expenses	6,517,713.00	-804,850.82
Losses of devaluation of asset	10,500.00	
Add: Changing income of fair value(Loss is listed with "-")		
Investment income (Loss is listed with "-")		



Including: Investment income on affiliated company and joint venture		
Exchange income (Loss is listed with “-”)		
Other income		
III. Operating profit (Loss is listed with “-”)	33,302,004.40	9,138,184.83
Add: Non-operating income	910,977.92	3,426,238.02
Including: Disposal gains of non-current asset	262,776.33	2,672,766.60
Less: Non-operating expense	300,402.16	9,680.71
Including: Disposal loss of non-current asset	399.90	9,680.71
IV. Total Profit (Loss is listed with “-”)	33,912,580.16	12,554,742.14
Less: Income tax expense	453,724.36	264,529.60
V. Net profit (Net loss is listed with “-”)	33,458,855.80	12,290,212.54
Net profit attributable to owner’s of parent company	32,001,590.86	11,560,370.58
Minority shareholders’ gains and losses	1,457,264.94	729,841.96
VI. Net after-tax of other comprehensive income	354,732.98	-182,005.93
Net after-tax of other comprehensive income attributable to owners of parent company	354,732.98	-182,005.93
(I) Other comprehensive income items which will not be reclassified subsequently to profit or loss		
1. Changes as a result of re-measurement of net defined benefit plan liability or asset		
2. Share of the other comprehensive income of the investee accounted for using equity method which will not be reclassified subsequently to profit and loss		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss	354,732.98	-182,005.93

1. Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit or loss		
2. Gains or losses arising from changes in fair value of available-for-sale financial assets		
3. Gains or losses arising from reclassification of held-to-maturity investment as available-for-sale financial assets		
4. The effect hedging portion of gains or losses arising from cash flow hedging instruments		
5. Translation differences arising on translation of foreign currency financial statements	354,732.98	-182,005.93
6. Other		
Net after-tax of other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	33,813,588.78	12,108,206.61
Total comprehensive income attributable to owners of parent Company	32,356,323.84	11,378,364.65
Total comprehensive income attributable to minority shareholders	1,457,264.94	729,841.96
VIII. Earnings per share:		
(i) Basic earnings per share	0.12	0.04
(ii) Diluted earnings per share	0.12	0.04

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

Legal Representative: Chi Weizhen

Person in Charge of Accounting: Yue Juan

Person in Charge of Accounting Department: Lei Lixin

#### 4. Profit Statement of Parent Company

In RMB

Item	Current Period	Last Period
I. Operating income	59,539,271.88	14,143,001.64
Less: Operating cost	43,838,067.27	17,632,539.08
Operating tax and extras	452,021.58	239,862.47
Sales expenses	2,225,689.69	
Administration expenses	8,254,821.34	7,408,255.61
Financial expenses	-262,508.81	-697,673.61
Losses of devaluation of asset	10,500.00	
Add: Changing income of fair value(Loss is listed with “-”)		
Investment income (Loss is listed with “-”)		
Including: Investment income on affiliated company and joint venture		
Other income		
II. Operating profit (Loss is listed with “-”)	5,020,680.81	-10,439,981.91
Add: Non-operating income	266,306.33	302,000.00
Including: Disposal gains of non-current asset	262,576.33	
Less: Non-operating expense	260,672.26	7,516.91
Including: Disposal loss of non-current asset		7,516.91
III. Total Profit (Loss is listed with “-”)	5,026,314.88	-10,145,498.82
Less: Income tax expense		
IV. Net profit (Net loss is listed with “-”)	5,026,314.88	-10,145,498.82
V. Net after-tax of other comprehensive income		
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1. Changes as a result of re-measurement of net defined benefit		

plan liability or asset		
2. Share of the other comprehensive income of the investee accounted for using equity method which will not be reclassified subsequently to profit and loss		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1. Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit or loss		
2. Gains or losses arising from changes in fair value of available-for-sale financial assets		
3. Gains or losses arising from reclassification of held-to-maturity investment as available-for-sale financial assets		
4. The effect hedging portion of gains or losses arising from cash flow hedging instruments		
5. Translation differences arising on translation of foreign currency financial statements		
6. Other		
VI. Total comprehensive income	5,026,314.88	-10,145,498.82
VII. Earnings per share:		
(i) Basic earnings per share		
(ii) Diluted earnings per share		

## 5. Consolidated Cash Flow Statement

In RMB

Item	Current Period	Last Period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor	405,702,926.35	405,899,058.35

services		
Net increase of customer deposit and interbank deposit		
Net increase of loan from central bank		
Net increase of capital borrowed from other financial institution		
Cash received from original insurance contract fee		
Net cash received from reinsurance business		
Net increase of insured savings and investment		
Net increase of amount from disposal financial assets that measured by fair value and with variation reckoned into current gains/losses		
Cash received from interest, commission charge and commission		
Net increase of capital borrowed		
Net increase of returned business capital		
Write-back of tax received	34,892,340.04	25,846,875.82
Other cash received concerning operating activities	43,104,120.67	37,108,348.64
Subtotal of cash inflow arising from operating activities	483,699,387.06	468,854,282.81
Cash paid for purchasing commodities and receiving labor service	350,844,053.24	326,653,829.29
Net increase of customer loans and advances		
Net increase of deposits in central bank and interbank		
Cash paid for original insurance contract compensation		
Cash paid for interest, commission charge and commission		
Cash paid for bonus of guarantee		

slip		
Cash paid to/for staff and workers	56,040,388.83	51,459,471.79
Taxes paid	4,539,217.08	7,096,981.37
Other cash paid concerning operating activities	54,399,571.37	67,410,418.78
Subtotal of cash outflow arising from operating activities	465,823,230.52	452,620,701.23
Net cash flows arising from operating activities	17,876,156.54	16,233,581.58
II. Cash flows arising from investing activities:		
Cash received from recovering investment		
Cash received from investment income		
Net cash received from disposal of fixed, intangible and other long-term assets	312,482.88	5,006,095.00
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		
Subtotal of cash inflow from investing activities	312,482.88	5,006,095.00
Cash paid for purchasing fixed, intangible and other long-term assets	153,930,421.99	8,087,541.71
Cash paid for investment		
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities		84,559.42
Subtotal of cash outflow from investing activities	153,930,421.99	8,172,101.13
Net cash flows arising from investing activities	-153,617,939.11	-3,166,006.13
III. Cash flows arising from financing activities		

Cash received from absorbing investment		
Including: Cash received from absorbing minority shareholders' investment by subsidiaries		
Cash received from loans	157,501,563.84	19,589,731.78
Cash received from issuing bonds		
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities	157,501,563.84	19,589,731.78
Cash paid for settling debts	44,521,400.44	27,340,971.72
Cash paid for dividend and profit distributing or interest paying	2,542,753.91	1,053,047.07
Including: Dividend and profit of minority shareholder paid by subsidiaries		
Other cash paid concerning financing activities		
Subtotal of cash outflow from financing activities	47,064,154.35	28,394,018.79
Net cash flows arising from financing activities	110,437,409.49	-8,804,287.01
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-1,332,336.74	3,081,029.40
V. Net increase of cash and cash equivalents	-26,636,709.82	7,344,317.84
Add: Balance of cash and cash equivalents at the period -begin	128,737,661.78	72,428,421.94
VI. Balance of cash and cash equivalents at the period -end	102,100,951.96	79,772,739.78

## 6. Cash Flow Statement of Parent Company

In RMB

Item	Current Period	Last Period
I. Cash flows arising from operating activities:		

Cash received from selling commodities and providing labor services	16,987,592.08	37,549,036.30
Write-back of tax received		
Other cash received concerning operating activities	25,919,003.74	1,957,724.04
Subtotal of cash inflow arising from operating activities	42,906,595.82	39,506,760.34
Cash paid for purchasing commodities and receiving labor service	15,123,541.05	8,146,479.78
Cash paid to/for staff and workers	14,657,227.96	12,905,058.54
Taxes paid	315,684.06	3,364,550.60
Other cash paid concerning operating activities	44,713,882.83	42,287,457.92
Subtotal of cash outflow arising from operating activities	74,810,335.90	66,703,546.84
Net cash flows arising from operating activities	-31,903,740.08	-27,196,786.50
II. Cash flows arising from investing activities:		
Cash received from recovering investment		
Cash received from investment income		
Net cash received from disposal of fixed, intangible and other long-term assets	287,282.88	
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		
Subtotal of cash inflow from investing activities	287,282.88	
Cash paid for purchasing fixed, intangible and other long-term assets	543,090.00	125,056.87
Cash paid for investment		
Net cash received from		



subsidiaries and other units		
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	543,090.00	125,056.87
Net cash flows arising from investing activities	-255,807.12	-125,056.87
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Cash received from loans		
Cash received from issuing bonds		
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities		
Cash paid for settling debts		1,900,000.00
Cash paid for dividend and profit distributing or interest paying		15,856.43
Other cash paid concerning financing activities		
Subtotal of cash outflow from financing activities		1,915,856.43
Net cash flows arising from financing activities		-1,915,856.43
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-22,076.10	-4,836.22
V. Net increase of cash and cash equivalents	-32,181,623.30	-29,242,536.02
Add: Balance of cash and cash equivalents at the period -begin	43,007,956.89	40,612,855.17
VI. Balance of cash and cash equivalents at the period -end	10,826,333.59	11,370,319.15

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

This Period

In RMB

Item	This Period												
	Owners' equity attributable to parent company											Minority interests	Total owners' equity
	Share	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Provision of general risk	Retained profit		
		Preferred stock	Perpetual capital securities	Other									
I. Balance at the end of the last year	266,071,320.00				279,998,206.82		-665,059.07		21,908,064.19		50,349,731.78	33,097,484.30	650,759,748.02
Add: Changes of accounting policy													
Error correction of the last period													
Enterprise combine under the same control													
Other													
II. Balance at the beginning of this year	266,071,320.00				279,998,206.82		-665,059.07		21,908,064.19		50,349,731.78	33,097,484.30	650,759,748.02
III. Increase/Decrease in this year (Decrease is listed with "-")							354,732.98				32,001,590.86	1,457,264.94	33,813,588.78
(i) Total comprehensive income							354,732.98				32,001,590.86	1,457,264.94	33,813,588.78
(ii) Owners' devoted and decreased capital													
1. Common shares invested by shareholders													
2. Capital invested by holders of other equity instruments													
3. Amount reckoned into owners equity with share-based													

payment													
4. Other													
(III) Profit distribution													
1. Withdrawal of surplus reserves													
2. Withdrawal of general risk provisions													
3. Distribution for owners (or shareholders)													
4. Other													
(IV) Carrying forward internal owners' equity													
1. Capital reserves converted to capital (share capital)													
2. Surplus reserves converted to capital (share capital)													
3. Remedying loss with surplus reserve													
4. Other													
(V) Reasonable reserve													
1. Withdrawal in the report period													
2. Usage in the report period													
(VI) Others													
IV. Balance at the end of the report period	266,071,320.00				279,998,206.82		-310,326.09		21,908,064.19		82,351,322.64	34,554,749.24	684,573,336.80

Last Period

In RMB

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

		stock	capita 1 securi ties										
I. Balance at the end of the last year	266,071,320.00				279,998,206.82		-34,029.26		21,908,064.19		-2,235,338.96	28,042,285.19	593,750,507.98
Add: Changes of accounting policy													
Error correction of the last period													
Enterprise combine under the same control													
Other													
II. Balance at the beginning of this year	266,071,320.00				279,998,206.82		-34,029.26		21,908,064.19		-2,235,338.96	28,042,285.19	593,750,507.98
III. Increase/Decrease in this year (Decrease is listed with "-")							-182,005.93				11,560,370.58	729,841.96	12,108,206.61
(i) Total comprehensive income							-182,005.93				11,560,370.58	729,841.96	12,108,206.61
(ii) Owners' devoted and decreased capital													
1. Common shares invested by shareholders													
2. Capital invested by holders of other equity instruments													
3. Amount reckoned into owners equity with share-based payment													
4 Other													
(III) Profit distribution													
1. Withdrawal of surplus reserves													
2. Withdrawal of general risk provisions													

3. Distribution for owners (or shareholders)													
4. Other													
(IV) Carrying forward internal owners' equity													
1. Capital reserves converted to capital (share capital)													
2. Surplus reserves converted to capital (share capital)													
3. Remedying loss with surplus reserve													
4. Other													
(V) Reasonable reserve													
1. Withdrawal in the report period													
2. Usage in the report period													
(VI) Others													
IV. Balance at the end of the report period	266,071,320.00				279,998,206.82		-216,035.19		21,908,064.19		9,325,031.62	28,772,127.15	605,858,714.59

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

This Period

In RMB

Item	This Period										
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Retained profit	Total owners' equity
		Preferred stock	Perpetual capital securities	Other							
I. Balance at the end of the last year	266,071,320.00				279,115,900.17				19,184,672.34	-209,868,217.70	354,503,674.81

Add: Changes of accounting policy											
Error correction of the last period											
Other											
II. Balance at the beginning of this year	266,071,320.00				279,115,900.17				19,184,672.34	-209,868,217.70	354,503,674.81
III. Increase/Decrease in this year (Decrease is listed with "-")										5,026,314.88	5,026,314.88
(i) Total comprehensive income										5,026,314.88	5,026,314.88
(ii) Owners' devoted and decreased capital											
1. Common shares invested by shareholders											
2. Capital invested by holders of other equity instruments											
3. Amount reckoned into owners equity with share-based payment											
4. Other											
(III) Profit distribution											
1. Withdrawal of surplus reserves											
2. Distribution for owners (or shareholders)											
3. Other											
(IV) Carrying forward internal owners' equity											
1. Capital reserves conversed to capital (share capital)											
2. Surplus reserves											

conversed to capital (share capital)											
3. Remedying loss with surplus reserve											
4. Other											
(V) Reasonable reserve											
1. Withdrawal in the report period											
2. Usage in the report period											
(VI)Others											
IV. Balance at the end of the report period	266,071,320.00				279,115,900.17				19,184,672.34	-204,841,902.82	359,529,989.69

Last period

In RMB

Item	Last period										
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Retained profit	Total owners' equity
		Preferred stock	Perpetual capital securities	Other							
I. Balance at the end of the last year	266,071,320.00				279,115,900.17				19,184,672.34	-199,488,637.68	364,883,254.83
Add: Changes of accounting policy											
Error correction of the last period											
Other											
II. Balance at the beginning of this year	266,071,320.00				279,115,900.17				19,184,672.34	-199,488,637.68	364,883,254.83
III. Increase/Decrease in this year (Decrease is listed with "-")										-10,145,498.82	-10,145,498.82

(i) Total comprehensive income											-10,145,498.82	-10,145,498.82
(ii) Owners' devoted and decreased capital												
1.Common shares invested by shareholders												
2. Capital invested by holders of other equity instruments												
3. Amount reckoned into owners equity with share-based payment												
4. Other												
(III) Profit distribution												
1. Withdrawal of surplus reserves												
2. Distribution for owners (or shareholders)												
3. Other												
(IV) Carrying forward internal owners' equity												
1. Capital reserves converted to capital (share capital)												
2. Surplus reserves converted to capital (share capital)												
3. Remedying loss with surplus reserve												
4. Other												
(V) Reasonable reserve												
1. Withdrawal in the report period												
2. Usage in the report period												
(VI)Others												



IV. Balance at the end of the report period	266,071,320.00				279,115,900.17				19,184,672.34	-209,634,136.50	354,737,756.01
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### III. Company profile

#### (I) Enterprise registration place, Organization form and Headquarters address

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

Basic organization structure of the Company: board of shareholders, board of directors, supervisory committee, office of the board, departments of human resources, financing plan department, corporate operation department, office of auditory supervision and general affairs department.

#### (II) Business nature and main business activities of Enterprise

Corporate industry: sea-going fisheries

Corporate major products: tuna and its products

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

Pre-licensing projects: offshore fishing and distant fishing.

#### (III) person approve the Financial report for disclosed and date for report

The financial report has been approved for report by the Board dated 29 August 2017.

#### (IV) Scope and changes of consolidated statements during the reporting period

Ended as 30 June 2017, consolidation scope of the Company is as:

four subsidiaries, that is Shandong Zhonglu Fishery Shipping Co., Ltd., Shandong Zhonglu Oceanic (Yantai) Foods Co., Ltd., HABITAT INTERNATIONAL CORPORATION and Shandong Zhonglu Haiyan Deep-sea Fishery Co., Ltd; three sub-subsidiary: LAIFFISHERIES COMPANY LIMITED, ZHONG GHA FOODS COMPANY LIMITED and Shandong Zhonglu

Ocean Refrigerated Co., Ltd.; and one operation entity with controlling rights obtained through operating lease: YAW ADDO FISHERIES COMPANY LIMITED. Found more in Note VIII. Change of Consolidation Range and Note IX. Equity in Other entity

#### **IV. Preparation basis of Financial Statements**

##### **1. Preparation basis**

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

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

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

#### **V. Important accounting policy and estimation**

Notes on specific accounting policies and accounting estimation:

The Company and subsidiaries determine specific accounting policies and accounting estimation based on their production and operation, which mainly differ in accrual method for bad debt provision of the account receivable, evaluation of inventory, depreciation of fixed assets and intangible assets amortization and recognition time of the revenue etc.

##### **1. Declaration of obedience to Accounting Standards for Business Enterprise**

The Financial Statements of the Company are up to requirements of Accounting Standards for Business Enterprise and also a true and thorough reflection to the relevant information as the Company's financial position dated 30<sup>th</sup> June 2017 and the operation results as well as cash flow from January to June in 2017.

##### **2. Accounting period**

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

### **3. Business cycle**

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

### **4. Bookkeeping standard currency**

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

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

#### (1) Consolidation of enterprises under the same control

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

#### (2) Business combination not under common control

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

### **6. Preparation methods for consolidated financial statements**

#### (1) Consolidation financial statement range

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

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

As for the inconsistency between the subsidiaries and the Company in the accounting policies and

periods, the necessary adjustment is made on the subsidiaries' financial statements in the preparation of the consolidated financial statements according to the Company's accounting policies and periods.

### (3) Setoff of consolidated financial statement

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

### (4) Accounting for acquisition of subsidiary through combination

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

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

### (1) Classification of joint arrangements

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

### (2) Accounting treatment for joint operations

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

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

relevant Accounting Standards for Business Enterprises.

### (3) Accounting treatment for joint ventures

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

## **8. Determination criteria of cash and cash equivalent**

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

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

### (1) Foreign currency exchange

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

### (2) Conversion of foreign currency financial statements

Upon the conversion of the foreign currency financial statements of the controlling subsidiaries, joint enterprises, and the affiliated enterprises on the bookkeeping standard currency different from the Company's, the accounting check and preparation of the consolidated financial statements are made. Assets and liabilities items in the balance sheet, are converted on the current rate on the balance sheet day; owners' equity items besides the "retained profit" item, the other items are converted on the actual rate. Incomes and expenses items in the profit statement are converted on the current rate. The conversion difference of the foreign currency financial statements is listed specifically in the owners' equity in the balance sheet. The foreign currency

cash flow is converted on the current rate on the cash flow actual day. The cash influenced by the rate fluctuation is listed specifically in the cash flow statement. As for the foreign operation, the conversion difference of the foreign currency statement related to the foreign operation is transferred in proportion into the disposal of the current loss/gain.

## **10. Financial instruments**

### **(1) Categories and recognition of financial instruments**

The financial instruments are classified as the financial assets or liabilities and equity instruments. As the Company becomes one party of the financial instrument contract, the instrument is recognized as one financial asset or liability or equity instruments.

In the initial recognition, the financial assets are classified as, the financial assets measured on fair value and with its changes reckoned into the current loss/gain, long-term invest-bonds, account receivables, and financial assets available for sale. Categories of the financial assets besides account receivables are dependent on the holding intention and purpose of the Company and its subsidiaries for the financial assets. In the initial recognition, the financial liabilities are classified as the financial liabilities measured on the fair value and with its changes reckoned into the current loss/gain, other financial liabilities.

Financial assets measure by fair value and of which the changes are included in the current profits and losses include the trading financial assets with holding purpose of selling in the short run and the financial assets designated to be measure by fair value in the initial recognition and of which the changes are included in the current profits and losses; receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market; available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories at initial recognition; held-to-maturity investments are non-derivative financial assets with fixed maturity and fixed or determinable payments that management has the positive intention and ability to hold to maturity.

### **(2) Measurement of financial instruments**

In the initial recognition, the financial instruments are measured on fair value; and the follow-up measurements are: financial assets and financial assets available for sale that measured by fair value and with alteration reckoned into current gains/losses together with the financial liabilities that measured by fair value with alteration reckoned into current gains/losses should measured by fair value; the held-to-maturity securities, loans, account receivable and other financial liability are measured by amortized cost; as for the equity instrument investment without quote in an active market and with its fair value can not be reliably measured, and those derivative financial assets or liability that paid with equity instrument, which have hook with such instrument, should measured by cost. The loss/gain from the fair value changes in the follow-up measurement of the financial assets and liabilities, besides one related to the hedge, is dealt with in the following methods: ① The financial assets or liabilities measured on the fair value and with its changes reckoned into the current loss/gain, are reckoned into the fair value loss/gain; ② The fair value

change of the financial assets available for sale, is reckoned into the other comprehensive income.

### (3) Recognition of the fair value for the financial assets and liabilities

For those financial instruments existing in active markets, market quotation in the active market is used to confirm their fair values; fair value of the financial instruments which have no active market is confirmed by adoption of estimation technology. The estimation technology mainly including market approach, income approach and cost method

### (4) Recognition basis and measurement method for the transfer of financial assets/liabilities

As for the financial assets with all risks and compensations on their patent transferred, or all risks and compensations neither maintained nor transferred but the control over the assets given up, the recognition of the financial asset may terminate. For the financial assets are qualified for the recognition of termination conditions, the measurement may be taken on the financial assets transfer, namely the difference is reckoned into the current loss/gain, between the book value of the transferred financial assets and, the total of the consideration value received from the transfer and the fair value change accumulative sum originally booked into the capital reserve. If the partial transfer satisfies the criteria for derecognition, the entire carrying value of the transferred financial asset shall proportionally allocated between the derecognized portion and the retained portion according to their respective relative fair value.

When all or part of the current obligation to a financial liability has been terminated, the entire or part of such financial liability shall be derecognized.

### (5) Impairment loss on financial assets

When an impairment loss on a financial asset carried at amortized cost has occurred, the amount of loss is provided for at the difference between the asset's carrying amount and the present value of its estimated future cash flows (excluding future credit losses that have not been incurred). If there is objective evidence that the value of the financial asset recovered and the recovery is related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed and the amount of reversal is recognized in profit or loss.

When an impairment loss on a financial asset measured at cost has occurred, the amount of loss is provided for at the difference between the asset's carrying amount and the present value of its estimated future cash flows. The impairment loss on such financial asset is not reversed once it is recognized.

Where there is objective evidence that an impairment loss on available-for-sale financial assets occurs, the cumulative loss arising from the decline in fair value that had been recognized directly in equity is removed from equity and recognized in impairment loss. For an investment in debt instrument classified as available-for-sale on which impairment losses have been recognized, if, in a subsequent period, its fair value increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the previously recognized impairment loss is reversed and recognized in profit or loss for the current period. For an investment in an equity instrument classified as available-for-sale on which impairment losses have been recognized, the increase in its fair value in a subsequent period is recognized in equity directly.

For investments in equity instruments, the specific quantitative criteria for the Company to determine "serious" or "not temporary" decrease in their fair value, cost computing method,

method for determining closing fair value, and basis for determining the continuous decrease period are set out below:

Specific quantitative criterion on “serious” decrease in their fair value	Decrease in closing fair value relative to the cost has reached or exceeded 50%
Specific quantitative criterion on “not temporary” decrease in their fair value	Fall for 12 consecutive months
Cost computing method	Consideration of payment at acquisition (net of cash dividends declared but not yet paid or due but unpaid interest on bonds) and the relevant transaction cost are recognized as the investment cost.
Method for determining closing fair value	As for a financial instrument for which there is an active market, the quoted prices in the active market shall be used to recognize the fair values thereof. Where there is no active market for a financial instrument, the enterprise concerned shall adopt value appraisal techniques to determine its fair value.
Basis for determining the continuous decrease period	The rebound in the continuous fall or the period with the trend of fall is less than 20% margin. Rebound duration not more than six months is treated as continuous decrease period.

## 11. Account receivable

### (1) Account receivables with single major amount and withdrawal bad debt provision independently

Criterion or amount standards of major single amount	Book balance of the account receivable with over one million Yuan (one million yuan inclusive)
Withdrawal method for individual bad debt provision accrual with major single amount concerned	Recognized on the difference between the book value and the current value of the estimative future cash flow

### (2) Account receivable with bad debt provision accrual by portfolio

Portfolio	Accrued method for bad
Age portfolio	Aging of accounts

Withdrawing bad debt provision by aging method in portfolio:

Applicable    Not applicable

Account ages	Accrued proportion of accounts receivable	Accrued proportion of other accounts receivable
Within six months	5.00%	5.00%
6 months – 1 year (including 1 year)	10.00%	10.00%
1—2 years	30.00%	30.00%
2—3 years	50.00%	50.00%



Over three years	100.00%	100.00%
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Withdrawing bad bed provision by percentage of total accounts receivable outstanding in portfolio:

Applicable  Not applicable

Withdrawing bad bed provision by other methods in portfolio :

Applicable  Not applicable

### **(3) Account receivable with minor single amount but has individual bad debt provision accrual**

Reasons for individual bad debt prevision accrual	Account receivable with over three years in account age and has objective evidence of impairment appears
Accrued method for bad debt provision	Recognized on the difference between the book value and the current value of the estimative future cash flow

## **12. Inventory**

Whether the company needs to comply with the disclosure requirements of the particular industry  
No

## **13. Classify to assets available for sale**

## **14. Long term equity investment**

### **(1) Recognition of initial investment cost**

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

### **(2) Subsequent measurement and profit or loss recognition**

Where the investor has a control over the investee, long-term equity investments are measured using cost method. Long-term equity investments in associates and joint ventures are measured using equity method. Where part of the equity investments of an investor in its associates are held indirectly through venture investment institutions, common fund, trust companies or other similar entities including investment linked insurance funds, such part of equity investments indirectly

held by the investor shall be measured at fair value through profit or loss according to according to relevant requirements of Accounting Standards for Business Enterprises No.22—Recognition and measurement of Financial Instruments regardless whether the above entities have significant influence on such part of equity investments, while the remaining part shall be measured using equity method.

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

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

## **15. Investment real estate**

Measurement for investment real estate

Cost method

Depreciation or amortization method

Category of the Company's investment real estate: rented land use rights, rented buildings and land use rights held for transfer after appreciation. Investment real estate of the Company is initially measured by cost and conducting follow-up measures by cost mode.

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

## **16. Fixed assets**

### **(1) Recognition**

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

## (2) Depreciation method

Category	Depreciation method	Depreciation life (year)	Salvage rate	Annual depreciation rate
House and building	Straight-line depreciation	20-40	3-5	2.00-5.00
Vessel and netting gear	Straight-line depreciation	5-30	3-5	3.17-19.40
Machine equipment	Straight-line depreciation	8-20	3-5	5.00-12.00
Transportation equipment	Straight-line depreciation	5	3-5	19.00-19.40
Furniture and office equipment	Straight-line depreciation	5	3-5	19.00-19.40

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

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

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

## 17. Project in progress

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

## **18. Borrowing expenses**

### **(1) Recognition principle on capitalization of borrowing expenses**

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

### **(2) Calculation of the capitalization**

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

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

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

## **19. Biological assets**

## **20. Oil-and-gas assets**

## **21. Intangible assets**

### **(1) Accounting method, service life and impairment test**

#### **1) Accounting method for intangible assets**

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

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

## 2) Recognition principle of intangible assets with uncertain service life

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

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

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

### 22. Long-term investment impairment

Long-term equity investments, investment properties measured at cost and long-term assets such as fixed assets, construction in progress, productive biological assets at cost method, oil and gas assets, intangible assets and goodwill are tested for impairment if there is any indication that an asset may be impaired at the balance date. If the result of the impairment test indicates that the recoverable amount of the asset is less than its carrying amount, a provision for impairment and an impairment loss are recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

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

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

goodwill allocated to the asset group or set of asset groups, and then the carrying amount of other assets (other than the goodwill) within the asset group or set of asset groups, pro rata based on the carrying amount of each asset.

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

### **23. Long-term deferred expenditure**

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

### **24. Employees benefits**

#### **(1) Accounting for short-term benefits**

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

#### **(2) Accounting for post-employment benefits**

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

#### **(3) Accounting for termination benefits**

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

of termination costs.

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

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

#### **25. Accrual liability**

#### **26. Share-based payment**

#### **27. Other financial instrument of preferred stock and perpetual capital securities**

#### **28. Revenue**

Whether the company needs to comply with the disclosure requirements of the particular industry  
No

##### **(1) Sales of goods**

The Company shall ascertain the revenue incurred by selling goods in accordance with the received or receivable price stipulated in the contract or agreement signed between the enterprise and the buyer unless the following conditions are met simultaneously: ① the significant risks and rewards of ownership of the goods have been transferred to the buyer by the enterprise; ② the enterprise retains neither continuous management right that usually keeps relation with the ownership nor effective control over the sold goods; ③ the relevant amount of revenue can be measured in a reliable way; ④ relevant economic benefits may flow into the enterprise and ⑤ the relevant costs incurred or to be incurred can be measured in a reliable way.

The Company mainly conducts seine fisheries sales on sea. In detail, our production vessel directly unloads fisheries products to the shipping vessel of purchaser. Upon delivery of such products to shipping vessel, parties from both production vessel and shipping vessel would confirm the unloaded quantity and issue delivery bill (both parties sign ship receipt); finance department would confirm sales revenue based on ship receipt and sales contract.

Fisheries products gained from long line fishing by the Company are all shipped back to domestic market for sale. Our sales department makes external sales by reference to the trading price in Qingshui of Japan. Change in ownership of cargos is based on sales contract and value determination table. Finance department would confirm sales revenue based on sales contract and value determination table.

The Company processes aquatic products for domestic sales: Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd. issues delivery confirmation according to the fax or email orders from domestic

customers, then sales staff would arrange warehouse department to prepare stock and deliver cargos via airline and long trip auto transportation. Finance department will issue sales invoice according to the delivery bill issued by sales department and signed and confirmed by warehouse department, and confirm sales revenue.

The Company processes aquatic products for overseas sales: once receipt purchase orders from overseas customers, our international trade department will issue export delivery confirmation and arrange warehouse department to prepare relevant orders. Once the cargos to be exported is packed and delivered, warehouse department will sign on the delivery bill issued by international trade department to confirm. Upon completion of export by unloading cargos on vessels, we will obtain packing slip, delivery order and other export bills issued by the transportation department and also bill of clearance from custom. Finance department will issued sales invoice and confirm sales revenue based on delivery bill, packing slip, bill of clearance, etc.

### (2) Labor service providing

If an enterprise can, on the date of the balance sheet, reliably estimate the outcome of a transaction concerning the labor services it provides, it shall recognize the revenue from providing services employing the percentage-of-completion method. The enterprise can ascertain the schedule of completion (percentage-of-completion) under the transaction concerning the providing of labor services based on calculation of completed works, if an enterprise can not, on the date of the balance sheet, measure the result of a transaction concerning the providing of labor service in a reliable way, it shall be conducted in accordance with the following circumstances, respectively:

①if the cost of labor services incurred is expected to be compensated, the revenue from the providing of labor services shall be recognized in accordance with the amount of the cost of labor services incurred, and the cost of labor services shall be carried forward at the same amount; ②if the cost of labor services incurred is not expected to compensate, the cost incurred should be included in the current profits and losses, and no revenue from the providing of labor services may be recognized.

### (3) Transition of asset use right

When economic benefits relating to transition of asset use right is likely to inflow into the Company and the relevant income can be measured reliably, the Company shall recognize such income from transition of asset use right.

The Company's vessel rental income: the transport vessel leases of Shandong Zhonglu Aquatic Shipping Co., Ltd. and Habitat International Corporation adopt the time charter, the company leases the ships equipped with operators to others for a certain period of time, and waits for the dispatch and assignment of the leasee during the lease period, and charges the rental fee from the leasee according to the number of days whether the leasee operates or not, and the company takes charge of the fixed charges (such as the staff salary, maintenance costs, etc.). During the lease period, the company settles accounts with the customer per 15 days and confirms the incomes according to the lease days confirmed with the customer.



## **29. Government subsidy**

### **(1) Determination basis and accounting treatment for government grants related to assets**

Government grant obtained by the Company for the purpose of constructing or otherwise forming long term assets is recognized as government grant related to assets which will be recognized as deferred income. Deferred income is averagely allocated against the estimated service life of asset since the asset is available for use, and recorded in profit or loss for the current period.

### **(2) Determination basis and accounting treatment for government grants related to income**

The government grants other than the government grants related to assets are recognized as government grants related to income. Government grants related to income shall be treated as follows: those used to compensate relevant expenses or losses to be incurred by the enterprise in subsequent periods are recognized as deferred income and recorded in profit and loss for the current period when such expenses are recognized; and those used to compensate relevant expenses or losses that have been incurred by the enterprise are recorded directly in profit or loss for the current period.

## **30. Deferred income tax asset and deferred income tax liability**

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

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

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

### 31. Leasing

#### (1) Accounting treatment for operating lease

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

#### (2) Accounting treatment for finance lease

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

### 32. Other important accounting policy and estimation

Nil

### 33. Changes in important accounting policies and estimates

#### (1) Changes in important accounting policies

Applicable  Not applicable

#### (2) Changes in important accounting estimates

Applicable  Not applicable

### 34. Other

Nil

## VI. Taxes

### 1. Major tax and tax rate

Taxes	Taxation basis	Tax rate
VAT	Output tax minor the deductible input tax	17%、13%、11%、6%
Urban maintenance and construction tax	Turnover taxes payable	7%
Corporate income ax	Taxable amount	25%

Explain the different taxation entity of the enterprise income tax

Taxation entity	Income tax rate
-----------------	-----------------

Shandong Zhonglu Oceanic Fisheries Company Limited	Imposing no tax on distant fishing, and 25% for the house leasing
Shandong Zhonglu Haiyan Oceanic Co., Ltd.	Exemption
HABITAT INTERNATIONAL CORPORATION	Exemption
Shandong Zhonglu Fishery Shipping Co., Ltd.	25%
Shandong Zhonglu Oceanic (Yantai) Foods Co., Ltd.	Imposing no tax on aquatic product processing

## 2. Preferential tax

### (1) VAT tax preference:

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

### (2) Income tax preference:

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

## 3. Other

## VII. Notes to main items in consolidated financial statement

### 1. Monetary fund

In RMB

Item	Closing balance	Opening balance
Cash on hand	2,768,761.41	1,741,848.59
Bank deposit	99,561,338.48	126,995,290.36

Other monetary fund	554,393.58	784,064.34
Total	102,884,493.47	129,521,203.29
Including: Total amount save aboard	393,805.29	506,231.81

Other explanation

## 2. Financial assets measured by fair value and with its variation reckoned into current gains/losses

In RMB

Item	Closing balance	Opening balance
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Other explanation:

## 3. Derivative financial assets

Applicable  Not applicable

## 4. Note receivable

### (1) Category

In RMB

Item	Closing balance	Opening balance
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### (2) Note receivable pledged at period-end

In RMB

Item	Amount pledged
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### (3) Note receivable which have endorsed and discount at period-end and has not expired on balance sheet date

In RMB

Item	De-reorganization amount at period-end	Un de-reorganization amount at period-end
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### (4) Note transferred to account receivable due to the drawer failure to perform at period-end

In RMB

Item	Amount transferred to account receivable at period-end
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Other explanation

## 5. Account receivable

### (1) Category of account receivable

In RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Accrual ratio		Amount	Proportion	Amount	Accrual ratio	
Account receivable with bad debt provision accrual by portfolio	49,884,648.45	100.00%	8,060,723.09	16.16%	41,823,925.36	50,739,789.74	100.00%	8,060,723.09	15.89%	42,679,066.65
Total	49,884,648.45	100.00%	8,060,723.09		41,823,925.36	50,739,789.74	100.00%	8,060,723.09	15.89%	42,679,066.65

Account receivable with major single amount and withdrawal bad debt provision single at period-end:

Applicable  Not applicable

Account receivable with bad debt provision withdrawal by method of account age in portfolio:

Applicable  Not applicable

In RMB

Account age	Closing balance		
	Account receivable	Bad debt provision	Accrual ratio
Sub-item of within one year			
1-6 months	43,040,072.80	2,035,596.75	5.00%
Subtotal of within one year	43,040,072.80	2,035,596.75	5.00%
1-2 years	1,155,557.64	329,333.93	30.00%
2-3 years	13,548.80	6,774.40	50.00%
Over three years	5,689,018.01	5,689,018.01	100.00%
Total	49,884,648.45	8,060,723.09	

Explanation on portfolio basis:

Withdrawing bad debt provision by percentage of total accounts receivable outstanding in portfolio:

Applicable  Not applicable

Withdrawing bad debt provision by other methods in portfolio:

### (2) Bad debt provision accrual, switch-back or taken back in the period

Amount accrual in the Period; amount switch-back or taken back in the Period

Including major amount of bad debt provision that switch-back or taken back in the Period:

In RMB

Company	Amount switch back or taken back	Way
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**(3) Account receivables actually written-off during the reporting period**

In RMB

Item	Amount verified
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Including major account receivables written-off:

In RMB

Company	Nature	Amount verified	Reasons	Verified procedures	Occurred due to related transaction (Y/N)
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Explanation on account receivable written-off

**(4) Top five receivables collected by arrears party at ending balance**

Company	Ending balance	Ratio in total account receivable (%)	Bad debt provision balance
Hong Kong Luen Thai Seafood	7,455,254.79	15.04%	372762.74
Taiwan Herpao	4,151,594.33	8.37%	207579.72
American H&T SEAFOOD INC	2,641,015.78	5.33%	132050.79
Taiwan Sip	1,952,944.25	3.94%	97647.21
Japan Wiki	1,553,477.46	3.13%	77673.87
Total	17,754,286.61	35.81%	887714.33

**(5) Account receivables derecognized due to financial assets transfer**

**(6) Transfer the account receivable and assets & liabilities arising from further involvement**

Other explanation:

**6. Prepayments**

**(1) Prepayments listed by account age**

In RMB

Account age	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Within one year	9,416,627.12	100.00%	7,773,914.94	99.82%

1-2 years			13,688.46	0.18%
Total	9,416,627.12	--	7,787,603.40	--

Explanation on prepayments with over one year in age and reasons of un-settle:

## (2) Top 5 prepayments collected by objects at ending balance

Company	Relationship with the Company	Ending balance	Ratio in total prepayment %
Liye International Company	Agency	5,599,893.70	12.66%
Dongyi Sea Transportation Personal Company	Supplier	1,968,557.18	4.45%
Inspur	Service provider	470,000.00	1.06%
Fishing license of Ivory Coast	Access fishing fee	317,528.42	0.72%
Rental of new house(10 Block)	Leasehold relation	235,085.76	0.53%
Total		8,591,065.06	19.42%

Other explanation:

## 7. Interest receivable

### (1) Category

In RMB

Item	Closing balance	Opening balance
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### (2) Major overdue interest

Borrower	Closing balance	Overdue time	Causes	Whether has impairment occurred and determination basis
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Other explanation:

## 8. Dividend receivable

### (1) Dividend receivable

In RMB

Item (or invested company)	Closing balance	Opening balance
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**(2) Major dividend receivable with over one year aged**

In RMB

Item (or invested company)	Closing balance	Age	Causes 未收回的原因	Whether has impairment occurred and determination basis

Other explanation:

**9. Other account receivable**

**(1) Category of other account receivable**

In RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Accrual ratio		Amount	Proportion	Amount	Accrual ratio	
Other account receivable with bad debt provision accrual by portfolio	11,526,434.77	100.00%	4,569,223.50	39.64%	6,957,211.27	13,943,479.12	100.00%	4,558,806.96	32.69%	9,384,672.16
Other account receivable with single minor amount but withdrawal bad debt provision singly										0.00
<b>Total</b>	<b>11,526,434.77</b>	<b>100.00%</b>	<b>4,569,223.50</b>	<b>39.64%</b>	<b>6,957,211.27</b>	<b>13,943,479.12</b>	<b>100.00%</b>	<b>4,558,806.96</b>	<b>32.69%</b>	<b>9,384,672.16</b>

Other account receivable with major single amount and withdrawal bad debt provision single at period-end:

Applicable  Not applicable

Other account receivable with bad debt provision withdrawal by method of account age in portfolio:

Applicable  Not applicable

In RMB

Account age	Closing balance		
	Other account receivable	Bad debt provision	Accrual ratio
Sub-item of within one year			
1-6 months	1,629,006.63	81,727.11	5.00%
6-12 months	873,686.24	87,368.62	10.00%
Subtotal of within one year	2,502,692.87	169,095.74	



1-2 years	268,126.14	80,437.84	30.00%
2-3 years	150,669.20	75,334.60	50.00%
Over three years	4,244,355.32	4,244,355.32	100.00%
Total	7,165,843.53	4,569,223.50	

Explanation on portfolio basis:

Withdrawing bad bed provision by percentage of total other accounts receivable outstanding in portfolio

Applicable  Not applicable

Withdrawing bad bed provision by other methods in portfolio:

Applicable  Not applicable

Portfolio	Ending amount			Opening amount		
	Book balance	Accrual ratio %	Bad debt provision	Book balance	Accrual ratio %	Bad debt provision
Shandong Maritime Bureau	1,000,000.00			1,000,000.00		
Star of Africa Co., Ltd.	3,360,591.24			3,360,591.24		
Total	4,360,591.24			4,360,591.24		

## (2) Bad debt provision accrual, switch-back or taken back in reporting period

Amount RMB 10,416.54 accrual in the Period; amount switch-back or taken back in the Period.

Including major amount of bad debt provision that switch-back or taken back in the Period:

In RMB

Company	Amount switch-back or taken back	Way

## (3) Other receivables actually written-off during the reporting period

In RMB

Item	Amount verified

Including major other account receivables written-off:

In RMB

Company	Nature	Amount verified	Reasons	Verified procedures	Occurred due to related transaction (Y/N)

Explanation on write-off of other receivables:

## (4) Classify according to nature

In RMB

Nature	Ending book balance	Opening book balance
Margin	1,100,520.00	1,021,836.03
Insurance claims payment receivable	252,832.54	220,450.00
Receivable export refund tax		5,593,057.42
Transactions and others	10,173,082.23	7,108,135.67
<b>Total</b>	<b>11,526,434.77</b>	<b>13,943,479.12</b>

**(5) Top 5 other receivables collected by arrears party at ending balance**

In RMB

Company	Nature	Ending balance	Account age	Proportion in total other receivables at period-end	Ending balance of bad debt provision
Shandong Marine Affairs Bureau	Margin	1,000,000.00	Over three years	8.68%	
Daihatsu	Intercourse funds	288,896.39	Over three years	2.51%	288,896.39
Insurance company	Insurance	252,832.54	0-6 months	2.19%	31,949.88
DIVING SEAGULL	Intercourse funds	207,072.50	Over three years	1.80%	207,072.50
Qingdao Branch of CMB	Deposit for rental	200,000.00	0-6 months	1.74%	
<b>Total</b>	--	<b>1,948,801.43</b>	--	<b>16.92%</b>	<b>527,918.77</b>

**(6) Account receivable involved government subsidies**

In RMB

Company	Government subsidies	Ending balance	Ending account age	Time, amount and basis estimated to received

**(7) Other account receivables derecognized due to financial assets transfer**

**(8) Transfer the other account receivable and assets & liabilities arising from further involvement**

Other explanation:

**10. Inventory**

Whether the company needs to comply with the disclosure requirements of the particular industry

No

### (1) Category of inventory

In RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for price fall-down	Book value	Book balance	Provision for price fall-down	Book value
Raw materials	128,752,757.23	32,811.83	128,719,945.40	71,541,108.42	32,811.83	71,508,296.59
Inventory	82,355,688.25	522,823.51	81,832,864.74	84,023,702.28	2,472,715.03	81,550,987.25
Revolving material	864,431.93		864,431.93	763,206.04		763,206.04
Low value consumables	445,453.17		445,453.17	813,924.17		813,924.17
Total	212,418,330.58	555,635.34	211,862,695.24	157,141,940.91	2,505,526.86	154,636,414.05

Does the Company comply with the disclosure requirement of “Information Disclosure Guidelines of Shenzhen Stock Exchange No.4 – Listed Companies Engaged in Seed Industry and Planting Business” or not

No

### (2) Provision for price fall-down

In RMB

Items	Opening balance	Current increased		Current decreased		Closing balance
		Accrual	Other	Switch back or Written-off	Other	
Raw materials	32,811.83					32,811.83
Inventory	2,472,715.03			1,949,891.52		522,823.51
Total	2,505,526.86			1,949,891.52		555,635.34

Switch back of the provision for price fall-down refers to the sales of inventory

### (3) Explanation on capitalization of borrowing costs in ending balance of inventory

### (4) Assets completed without settle resulted by construction contract at period-end

In RMB

Items	Amount
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Other explanation:

### 11. Classified as assets held for sale

In RMB

Item	Ending book value	Fair value	Expected disposal expenses	Expected disposal time
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Other explanation:

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

In RMB

Item	Closing balance	Opening balance
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Other explanation:

## 13. Other current assets

In RMB

Items	Closing balance	Opening balance
Taxable VAT paid at period-end	33,136,423.87	23,616,544.28
Income tax prepaid	88,480.55	88,480.55
Other tax prepaid	43,924.48	43,924.48
Total	33,268,828.90	23,748,949.31

Other explanation:

## 14. Finance asset available for sales

### (1) Finance asset available for sales

In RMB

Items	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Equity instrument available for sales:						
Measured by cost	33,000,000.00	33,000,000.00		33,000,000.00	33,000,000.00	
Total	33,000,000.00	33,000,000.00		33,000,000.00	33,000,000.00	

### (2) Finance asset available for sales measured by fair value at period-end

In RMB

Category	Equity instrument available for sale	Debt instrument available for sale		Total
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**(3) Finance asset available for sales measured by cost at period-end**

In RMB

Invested Unit	Book balance				Impairment provision				Holding proportion in invested unit	Cash dividend for the period
	Period-beg in	Increase in the period	Decrease in the period	Period-end	Period-beg in	Increase in the period	Decrease in the period	Period-end		
Equity investment - South Securities Co., Ltd.	33,000,000.00			33,000,000.00	33,000,000.00			33,000,000.00	0.87%	
Total	33,000,000.00			33,000,000.00	33,000,000.00			33,000,000.00	--	

**(4) Impairment reserve of finance asset available for sales**

In RMB

Category	Equity instrument available for sale	Debt instrument available for sale		Total

**(5) Explanation on closing fair value of equity instrument available for sale which was down sharply or other-than-temporary drop without accrual the impairment provision**

In RMB

Equity instrument available for sale	Investment cost	Ending fair value	Decline changes of fair value comparing with its costs	Time to drop continuously (month)	Accrual impairment amount	Reasons without accrual

Other explanation

**15. Held-to-maturity investment**

**(1) Held-to-maturity investment**

In RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value

**(2) Major held-to-maturity investment at Period-end**

In RMB

Bond	Face value	Coupon rate	Real interest rates	Maturity date
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**(3) Re-classified as held-to-maturity investment in the period**

Other explanation

**16. Long-term account receivable**

**(1) Long-term account receivable**

In RMB

Item	Closing balance			Opening balance			Discount rate interval
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value	

**(2) Long-term account receivable derecognition due to financial assets transfer**

**(3) Assets and liabilities resulted by long-term account receivable transfer and continues involvement**

Other explanation

**17. Long-term equity investment**

In RMB

The invested entity	Opening balance	+,-								Closing balance	Ending balance of impairment provision
		Additional investment	Capital reduction	Investment gains recognized under equity	Other comprehensive income adjustment	Other equity change	Cash dividend or profit announced to issued	Impairment accrual	Other		
I. Joint venture											
II. Associated enterprise											

Other explanation

## 18. Investment real estate

### (1) Investment real estate measured at cost

√ Applicable □ Not applicable

In RMB

Item	House and building	Land use right	Construction in process	Total
I. Original book value				
1. Opening balance	47,120,794.80			47,120,794.80
2. Current increased	581,176.39			581,176.39
(1) Outsourcing				
(2) Inventory\fixed assets\construction in process transfer-in				
(3) Increased by combination				
(4) Increase of office building lease	581,176.39			581,176.39
3. Current decreased				
(1) Disposal				
(2) Other transfer-out				
4. Closing balance	47,701,971.19			47,701,971.19
II. Accumulated depreciation and accumulated amortization				
1. Opening balance	13,895,890.56			13,895,890.56
2. Current increased	610,265.32			610,265.32
(1) Accrual or amortization	610,265.32			610,265.32
3. Current decreased				
(1) Disposal				
(2) Other transfer-out				

4.Closing balance	14,506,155.88			14,506,155.88
III. Depreciation reserves				
1.Opening balance	886,512.06			886,512.06
2.Current increased				
(1) Accrual				
3. Current decreased				
(1) Disposal				
(2) Other transfer-out				
4.Closing balance	886,512.06			886,512.06
IV. Book value				
1. Ending Book value	32,309,303.25			32,309,303.25
2. Opening Book value	32,338,392.18			32,338,392.18

## (2) Investment real estate measure on fair value

Applicable  Not applicable

## (3) Investment real estate without property certificate completed

In RMB

Items	Book value	Reasons
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Other explanation

## 19. Fixed assets

### (1) Fixed assets

In RMB

Items	House and building	Vessel and netting gear	Machine equipment	Transportation equipment	Furniture and office equipment	Total
I. Original book value:						
1.Opening balance	117,457,596.34	459,879,579.56	40,577,242.13	7,142,397.05	11,139,890.83	636,196,705.91



2.Current increased			48,117.95		462,580.33	510,698.28
(1) Purchasing			48,117.95		462,580.33	510,698.28
(2) Construction in progress transfer-in						
(3) Increased by combination						
3.Current decreased	714,141.41	162,533.11		773,766.52	98,457.84	1,748,898.88
(1) Disposal or scrapping	714,141.41	162,533.11		773,766.52	98,457.84	1,748,898.88
4.Closing balance	116,743,454.93	459,717,046.50	40,625,360.08	6,368,630.53	11,504,013.32	634,958,505.31
II. Accumulative depreciation						
1.Opening balance	22,569,125.34	169,453,741.31	15,716,521.23	4,991,762.41	7,624,492.26	220,355,642.55
2.Current increased	4,468,238.17	12,383,378.93	1,019,260.03	214,124.64	385,397.55	18,470,399.32
(1) Accrual	4,468,238.17	12,383,378.93	1,019,260.03	214,124.64	385,397.55	18,470,399.32
3.Current decreased	2,742,410.40		764.56	738,376.01	94,326.10	3,575,877.07
(1) Disposal or scrapping	2,742,410.40		764.56	738,376.01	94,326.10	3,575,877.07
4.Closing balance	24,294,953.11	181,837,120.20	16,735,016.70	4,467,511.04	7,915,563.71	235,250,164.80
III. Depreciation reserves						
1.Opening balance		157,573.50				157,573.50
2.Current						

increased						
(1) Accrual						
3.Current decreased						
(1) Disposal or scrapping						
4.Closing balance		157,573.50				157,573.50
IV. Book value						
1. Ending Book value	92,448,501.82	277,879,926.20	23,890,343.38	1,901,119.49	3,588,449.61	399,550,767.01
2. Opening Book value	94,888,471.00	290,268,264.75	24,860,720.90	2,150,634.64	3,515,398.57	415,683,489.86

## (2) Temporary idle fixed assets

In RMB

Items	Original book value	Depreciation accumulative	Impairment provision	Book value	Note
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## (3) Fixed assets leasing-in by financing lease

In RMB

Items	Original book value	Depreciation accumulative	Impairment provision	Book value
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## (4) Fixed assets leasing-out by operational lease

In RMB

Items	Ending book value
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## (5) Fixed assets without property certificate obtained

In RMB

Items	Book value	Reasons for certificate un-settled
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Other explanation

Pursuant to the Debt Compensation Opinion entered into between the Company and Shandong Aquatic Products Group in April 2006 and the civil verdict issued by People Court of Lixia district of Jinan city (2005 LZDDi-1299),

the comprehensive office building owned by Shandong Aquatic Products Group at No.43, Heping road, Lixia District, Jinan with original value of RMB54,221,197.05 (among which, RMB9,592,434.61 was recorded as fixed assets and others were recorded as investment property) was ruled to be vested to the Company, so as to compensate the relevant debts. Building ownership transfer has not been registered yet; management of the Company is in the process of making active coordination among various parties seeking for early completion of such registration.

## 20. Construction in progress

### (1) Construction in progress

In RMB

Items	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Purchased the tuna purse seiner	148,802,737.13		148,802,737.13			
Atlantic fencing	4,066,989.68		4,066,989.68	4,066,989.68		4,066,989.68
Total	152,869,726.81		152,869,726.81	4,066,989.68		4,066,989.68

### (2) Changes of major project in progress

In RMB

Item	Budget	Opening balance	Current increased	Transfer to fixed assets	Other decreasing	Ending balance	Proportion of project investment in budget	Work progress	Accumulative amount of interest capitalization	Including: interest capitalization in Period	Capitalizing rate	Capital resources
Purchased the tuna purse seiner	153,180,000.00		148,802,737.13			148,802,737.13	97.14%					Loan from financial organ
Total	153,180,000.00		148,802,737.13			148,802,737.13	--	--				--

### (3) Impairment provision of construction in process accrual in the Period

In RMB

Items	Accrual amount	Reasons
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Other explanation

## 21. Engineering material

In RMB

Items	Closing balance	Opening balance
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Other explanation:

## 22. Disposal of fixed assets

In RMB

Items	Closing balance	Opening balance
Disposal of transportation equipment	-15,678.87	
Total	-15,678.87	

Other explanation:

## 23. Productive biological assets

### (1) Measured by cost

Applicable  Not applicable

### (2) Measured by fair value

Applicable  Not applicable

## 24. Oil/gas assets

Applicable  Not applicable

## 25. Intangible assets

### (1) Intangible assets

In RMB

Items	Land use right	Patent right	Non-patented technology	Computer software	Total
I. Original book value					
1. Opening balance	17,154,729.00			197,000.00	17,351,729.00

2.Current increased				4,512.82	4,512.82
(1) Purchasing					
(2) Internal R&D					
(3) Increased by combination					
3.Current decreased					
(1) Disposal					
4.Closing balance	17,154,729.00			201,512.82	17,356,241.82
II. Accumulated amortization					
1.Opening balance	4,069,902.17			174,433.26	4,244,335.43
2.Current increased	191,935.08			3,875.19	195,810.27
(1) Accrual				3,875.19	3,875.19
3.Current decreased					
(1) Disposal					
4.Closing balance	4,261,837.25			178,308.45	4,440,145.70
III. Depreciation reserves					
1.Opening balance					
2.Current increased					
(1) Accrual					
3.Current					

decreased					
(1) disposal					
4.Closing balance					
IV. Book value					
1. Ending Book value	12,892,891.75			23,204.37	12,916,096.12
2. Opening Book value	13,084,826.83			22,566.74	13,107,393.57

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

## (2) Land use right without property certificate completed

In RMB

Items	Book value	Reasons
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Other explanation:

## 26. Development expenses

In RMB

Items	Opening balance	Current increased	Current decreased	Closing balance
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Other explanation

## 27. Goodwill

### (1) Original book value of goodwill

In RMB

The invested entity of events with goodwill resulted	Opening balance	Increase during the period	Decrease during this period	Closing balance
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### (2) Impairment provision of goodwill

In RMB

The invested entity of events with goodwill	Opening balance	Increase during the period	Decrease during this period	Closing balance
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resulted				
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Explain the impairment testing, parameter and recognition method of the impairment losses of goodwill:

Other explanation

## 28. Long-term deferred expenditure

In RMB

Items	Opening balance	Current increased	Amortized in Period	Other decreased	Closing balance
Amortization of decoration in HQ	0.00	622,977.35			622,977.35
Total		622,977.35			622,977.35

Other explanation

## 29. Deferred income tax asset /deferred income tax liability

### (1) Deferred income tax assets un-offset

In RMB

Items	Closing balance		Opening balance	
	Deductible temporary differences	Deferred income tax asset	Deductible temporary differences	Deferred income tax asset

### (2) Deferred income tax liabilities un-offset

In RMB

Items	Closing balance		Opening balance	
	Taxable temporary differences	Deferred income tax liability	Taxable temporary differences	Deferred income tax liability

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

In RMB

Items	Trade-off between the deferred income tax assets and liabilities	Ending balance of deferred income tax assets or liabilities after off-set	Trade-off between the deferred income tax assets and liabilities at period-begin	Opening balance of deferred income tax assets or liabilities after off-set

### (4) Deferred income tax asset without confirmed

In RMB

Items	Closing balance	Opening balance

**(5) Deductible losses of deferred income tax asset without confirmed will expired in later year**

In RMB

Year	Closing amount	Opening amount	Note
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Other explanation:

**30. Other non-current assets**

In RMB

Items	Closing balance	Opening balance
INSPUR	285,524.92	285,524.92
Land prepayment for phase II of Zhonglu Refrigeration	2,000,000.00	2,000,000.00
Total	2,285,524.92	2,285,524.92

Other explanation:

**31. Short-term borrowing**

**(1) Category of short-term borrowing**

In RMB

Items	Closing balance	Opening balance
Mortgage loan	41,832,687.84	28,000,000.00
Guaranteed loan	100,000,000.00	
Credit loan	26,833,678.77	26,961,454.59
Total	168,666,366.61	54,961,454.59

Explanation on category of short-term borrowing:

**(2) Short-term loans un-paid by expired**

Total short-term loans un-paid by expired at end of the Period was 0 Yuan, including important short-term loans are as:

In RMB

Unit	Ending balance	Loans rate	Overdue time	Overdue interest rate
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Other explanation:

**32. Financial liability measured by fair value and with its variation reckoned into current gains/losses**

In RMB



Item	Closing balance	Opening balance
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Other explanation:

### 33. Derivative financial liabilities

Applicable  Not applicable

### 34. Note payable

In RMB

Category	Closing balance	Opening balance
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Totally Yuan due note payable are paid at period-end.

### 35. Account payable

#### (1) Account payable

In RMB

Items	Closing balance	Opening balance
Within one year (one year included)	98,536,221.70	52,427,574.40
Over 1 year	4,574,419.18	6,746,158.48
Total	103,110,640.88	59,173,732.88

#### (2) Major account payable over one year

In RMB

Items	Closing balance	Reasons of un-paid or carry-over
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Other explanation:

### 36. Account received in advance

#### (1) Account received in advance

In RMB

Items	Closing balance	Opening balance
Within one year (one year included)	7,598,394.56	19,591,036.39
Over 1 year	349,863.72	349,863.72
Total	7,948,258.28	19,940,900.11

## (2) Major account received in advance with over one year age

In RMB

Items	Closing balance	Reasons of un-paid or carry-over
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## (3) Projects un-completed but settled from construction contract at end of the Period

In RMB

Items	Amount
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Other explanation:

## 37. Salary payable

### (1) Salary payable

In RMB

Items	Opening balance	Increase during the period	Decrease during this period	Closing balance
I. Short-term compensation	30,320,927.64	48,536,179.20	58,120,425.92	20,736,680.92
II. Post-employment welfare- defined contribution plans	0.00	3,419,616.12	3,419,616.12	0.00
III. Dismissal welfare	253,690.98	0.00	71,943.62	181,747.36
IV. Other welfare due within one year	37,785.14	0.00	0.00	37,785.14
Total	30,612,403.76	51,955,795.32	61,611,985.66	20,956,213.42

### (2) Short-term compensation

In RMB

Items	Opening balance	Increase during the period	Decrease during this period	Closing balance
1. Wages, bonuses, allowances and subsidies	28,903,757.58	42,500,459.30	52,271,626.22	19,132,590.66
2. Welfare for workers and staff	0.00	1,919,377.99	1,919,377.99	0.00
3. Social insurance	0.00	1,783,700.58	1,783,700.58	0.00
Including: Medical insurance	0.00	1,488,566.47	1,488,566.47	0.00
Work injury	0.00	136,868.09	136,868.09	0.00

insurance				
Maternity insurance	0.00	158,266.02	158,266.02	0.00
4. Housing accumulation fund	0.00	1,429,305.17	1,429,305.17	0.00
5. Labor union expenditure and personnel education expense	1,417,170.06	226,532.01	39,611.81	1,604,090.26
6. Short-term paid absence	0.00	676,804.15	676,804.15	0.00
7. Short-term profit sharing scheme	0.00	0.00	0.00	0.00
Total	30,320,927.64	48,536,179.20	58,120,425.92	20,736,680.92

### (3) Defined contribution plans

In RMB

Items	Opening balance	Increase during the period	Decrease during this period	Closing balance
1. Basic endowment insurance		3,153,847.07	3,153,847.07	
2. Unemployment insurance		128,966.45	128,966.45	
3. Enterprise annuity payment		0.00	0.00	
4. Other		136,802.60	136,802.60	
Total	0.00	3,419,616.12	3,419,616.12	0.00

Other explanation:

### 38. Tax payable

In RMB

Items	Closing balance	Opening balance
Value-added tax	107,772.18	147,692.07
Enterprise income tax	296,757.07	701,435.86
Individual income tax	217,407.94	120,112.87
Urban maintenance and construction tax	274.66	2,068.39
House property tax	401,341.49	211,836.25

Land use tax	150,809.98	154,055.30
Educational additional	1,091.04	886.45
Other tax	8,069.96	6,792.66
Total	1,183,524.32	1,344,879.85

Other explanation:

### 39. Interest payable

In RMB

Items	Closing balance	Opening balance
Interest payable for short-term loans		86,747.10
Total		86,747.10

Interest overdue without paid:

In RMB

Borrower	Amount overdue	Reasons

Other explanation:

### 40. Dividend payable

In RMB

Items	Closing balance	Opening balance

Other explanation, including dividend payable unpaid over one year, and explain the reasons:

### 41. Other payable

#### (1) Classification of other payable according to nature of account

In RMB

Items	Closing balance	Opening balance
Within 1 year (including 1 year)	4,476,852.04	785,938.83
Over 1 year	3,131,806.40	4,435,101.99
Total	7,608,658.44	5,221,040.82

#### (2) Significant other payable with over one year age

In RMB

Items	Closing balance	Reasons of un-paid or carry-over

Other explanation

## 42. Classified as liabilities held for sale

In RMB

Items	Closing balance	Opening balance
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Other explanation:

## 43. Non-current liabilities due within one year

In RMB

Items	Closing balance	Opening balance
Deferred income due within one year	433,292.74	866,585.48
Total	433,292.74	866,585.48

Other explanation:

## 44. Other current liability

In RMB

Items	Closing balance	Opening balance
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Changes of short-term payable bonds:

In RMB

Bond	Face value	Issuing date	Bond period	Issue amount	Opening balance	Issued in the Period	Interest accrual by face value	Amortization of premium price and conversion	Paid in the Period		Closing balance
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Other explanation:

## 45. Long-term loans

### (1) Classification of long-term loans

In RMB

Items	Closing balance	Opening balance
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Explanation on category of long-term loans:

Other explanation, including interest rate section:

## 46. Bonds payable

### (1) Bonds payable

In RMB

Item	Closing balance	Opening balance
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**(2) Changes of bond payable (excluding other financial instrument of preferred stock and perpetual capital securities that classified as financial liability)**

In RMB

**(3) Condition of convertible bonds and time of transferring**

**(4) Other financial instrument classified as financial liabilities**

Outstanding preferred stock and perpetual capital securities at period-end

Changes of the outstanding preferred stock and perpetual capital securities at period-end

In RMB

Outstanding financial instrument	Period-begin		Increase during the period		Decrease during this period		Period-end	
	Amount	Book value	Amount	Book value	Amount	Book value	Amount	Book value

Explanations on basis of other financial instrument classified into financial liabilities

Other explanation

**47. Long-term account payable**

**(1) Listed by nature**

In RMB

Items	Closing balance	Opening balance
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Other explanation:

**48. Long-term employee payable**

**(1) Long-term employee payable**

In RMB

Items	Closing balance	Opening balance
I Post-employment benefit – net liability of the defined benefit plan	648,548.88	648,548.88
III. Other long-term welfare	1,051,202.96	1,051,202.96
Total	1,699,751.84	1,699,751.84

**(2) Change of defined benefit plan**

Present value of the obligation of defined benefit plan:

In RMB

Items	Current Period	Last Period
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Scheme assets:

In RMB

Items	Current Period	Last Period
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Net liability(assets) of the defined benefit plan

In RMB

Items	Current Period	Last Period
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Contents of defined benefit plan and the risks associate thereof, influences upon the Company's future cash flow, timing and uncertainty:

The material actuary assumption and sensitive analysis relating to defined benefit plan is explained as follows:

Other explanation:

#### 49. Special payable

In RMB

Items	Opening balance	Increase during the period	Decrease during this period	Closing balance	Causes
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Other explanation:

#### 50. Accrued liabilities

In RMB

Items	Closing balance	Opening balance	Causes
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Other explanation, including relevant important hypothesis and estimation:

#### 51. Deferred income

In RMB

Items	Opening balance	Increase during the period	Decrease during this period	Closing balance	Causes
Government grants	10,572,454.62			10,572,454.62	
Total	10,572,454.62			10,572,454.62	--

Item with government subsidy concerned:

In RMB

Item	Opening balance	Subsidy increase during this period	Amount reckoned into non-operation revenue in the	Other changes	Closing balance	Assets-related/ Income-related
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			Period			
Construction special fund	9,867,781.98				9,867,781.98	
Financial ship-building discount	704,672.64				704,672.64	
Total	10,572,454.62				10,572,454.62	--

Other explanation:

## 52. Other non-current liability

In RMB

Items	Closing balance	Opening balance
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Other explanation:

## 53. Share capital

In RMB

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

Other explanation:

## 54. Other equity instrument

**(1) Other financial instrument of outstanding preferred stock and perpetual capital securities at period-end**

**(2) Changes of financial instrument of outstanding preferred stock and perpetual capital securities at period-end**

In RMB

Outstanding financial instrument	Period-begin		Increase during the period		Decrease during this period		Period-end	
	Amount	Book value	Amount	Book value	Amount	Book value	Amount	Book value

Changes of other equity instrument, explanation on changes and basis of relevant accounting treatment:

Other explanation:



## 55. Capital surplus

In RMB

Items	Opening balance	Increase during the period	Decrease during this period	Closing balance
Capital premium (equity premium)	185,036,701.86			185,036,701.86
Other Capital surplus	94,961,504.96			94,961,504.96
Total	279,998,206.82			279,998,206.82

Other explanation, including changes and reasons of changes:

## 56. Treasury stock

In RMB

Items	Opening balance	Increase during the period	Decrease during this period	Closing balance
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Other explanation, including changes and reasons for changes:

## 57. Other consolidated income

In RMB

Items	Opening balance	Current Period					Closing balance
		Account before income tax in the period	Less: written in other comprehensive income in previous period and carried forward to gains and losses in current period	Less : income tax expense	Belong to parent company after tax	Belong to minority shareholders after tax	
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss	-665,059.07	354,732.98			354,732.98		-310,326.09
Translation differences of foreign financial sheet	-665,059.07	354,732.98			354,732.98		-310,326.09
Total of other consolidated income	-665,059.07	354,732.98			354,732.98		-310,326.09

Other explanation, including the active part of the hedging gains/losses of cash flow transfer to initial reorganization adjustment for the arbitrated items:

## 58. Reasonable reserve

In RMB

Items	Opening balance	Increase during the period	Decrease during this period	Closing balance
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Other explanation, including changes and reasons for changes:

## 59. Surplus reserves

In RMB

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

Other explanation, including changes and reasons for changes:

## 60. Retained profit

In RMB

Items	This period	Last period
Retained profits at the end of last year before adjustment	50,349,731.78	-2,235,338.96
Retained profits at the beginning of the period after adjustment	50,349,731.78	-2,235,338.96
Add: net profit attributable to owners of parent company	32,001,590.86	52,585,070.74
Retained profit at period-end	82,351,322.64	50,349,731.78

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

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

## 61. Operating income and cost

In RMB

Items	Current Period		Last Period	
	Income	Cost	Income	Cost
Main operating	435,825,365.50	377,649,192.30	402,902,159.56	381,353,587.60
Other operating	4,352,726.25	718,241.91	4,988,634.22	843,405.00
Total	440,178,091.75	378,367,434.21	407,890,793.78	382,196,992.60

## 62. Tax and surcharges

In RMB

Items	Current Period	Last Period
City maintenance and construction tax	305,392.09	4,508.00
Educational surtax	218,137.21	3,192.50
House property tax	740,050.43	133,200.00
Land use tax	315,805.99	
Vehicle and vessel tax	27,664.36	
Stamp tax	54,922.03	
Business tax		64,400.00
Local water conservancy construction fund	43,464.74	
Other		35,150.47
Total	1,705,436.85	240,450.97

Other explanation:

## 63. Sales expenses

In RMB

Items	Current Period	Last Period
Payroll payable	734,426.40	502,157.65
Port surcharge	355,592.64	1,491,034.68
Freight and miscellaneous charges	2,851,332.58	577,967.71
Customs censoring charges		
Travelling charge	11,898.35	38,367.10
Business publicity expenses	86,618.05	95,279.59
Other	41,435.46	33,650.65
Total	4,081,303.48	2,738,457.38

Other explanation:

#### 64. Administrative expenses

In RMB		
Items	Current Period	Last Period
Payroll payable	9,212,316.46	8,917,176.41
Depreciation	556,028.52	760,740.14
Travelling charge	1,054,696.16	338,936.43
Business entertainment expenses	555,868.54	661,253.56
Expense of taxation		781,002.24
Vehicles charge	125,250.73	254,460.57
Attorney charge	813,954.48	708,252.22
Office allowance	212,314.01	267,058.20
Property water and electricity	153,112.13	96,610.32
Amortization of intangible assets	195,735.06	195,735.06
Other	3,314,423.72	1,400,333.67
<b>Total</b>	<b>16,193,699.81</b>	<b>14,381,558.82</b>

Other explanation:

#### 65. Financial expenses

In RMB		
Items	Current Period	Last Period
Interest costs	2,891,553.08	1,810,730.46
Less: interest income	352,460.61	181,267.53
Exchange loss	4,141,704.98	839,850.57
Less: exchange gains	562,848.61	3,449,536.51
Handing expense	330,949.94	123,871.81
Other expense	68,814.21	51,500.39
<b>Total</b>	<b>6,517,713.00</b>	<b>-804,850.82</b>

Other explanation:

#### 66. Losses on assets impairment

In RMB		
Item	Current Period	Last Period

I. Bad debt losses	10,500.00	
Total	10,500.00	

Other explanation:

### 67. Gains from changes of fair value

In RMB

Source of gains from changes of fair value	Current Period	Last Period
--	----------------	-------------

Other explanation:

### 68. Gains on investment

In RMB

Item	Current Period	Last Period
------	----------------	-------------

Other explanation:

### 69. Other income

In RMB

Sources	Current Period	Last Period
---------	----------------	-------------

### 70. Non-operating expenditure

In RMB

Items	Current Period	Last Period	Amount reckoned in current non-recurring gains/losses
Total income from disposal of non-current assets	262,776.33	2,672,766.60	
Including: Gains from disposal of fixed assets	262,776.33	40,831.07	262,776.33
Government subsidy	433,292.74	443,568.74	433,292.74
Indemnity from insurance company	205,791.69		205,791.69
Other	9,117.16	2,941,838.21	9,117.16
Total	910,977.92	3,426,238.02	910,977.92

Government subsidy reckoned into current gains/losses:

In RMB

Item	Issuing subject	Offering causes	Nature	Subsidy impact	The special subsidy	Amount in the Period	Amount in last period	Assets-related/income-related
------	-----------------	-----------------	--------	----------------	---------------------	----------------------	-----------------------	-------------------------------

				current gains/losses (Y/N)	(Y/N)			ted
Financial ship-building discount		Subsidy	Subsidy achieved for engaging in specific business or industry encouraged and supported by the country (obtained legitimately according to national policies and regulations)	Y	N	14,188.00	14,188.00	Assets-relate d
Special construction fund		Subsidy	Subsidy achieved for engaging in specific business or industry encouraged and supported by the country (obtained legitimately according to national policies and regulations)	Y	N	419,104.74	429,380.74	Assets-relate d
Total	--	--	--	--	--	433,292.74	443,568.74	--

Other explanation:

## 71. Non-operating expenses

In RMB

Item	Current Period	Last Period	Amount included in current non-recurring profits or losses

Total losses on disposal of non-current assets	399.90	9,680.71	
Including: loss on disposal of fixed assets	399.90	2,163.80	399.90
Other	295,719.88	7,516.91	295,719.88
Additional overdue find of state taxes	4,282.38		4,282.38
Total	300,402.16	9,680.71	300,402.38

Other explanation:

## 72. Income tax expenses

### (1) Statement of income tax expense

Items	Current Period	Last Period
Current income tax expense	453,724.36	264,529.60
Total	453,724.36	264,529.60

### (2) Adjustment on accounting profit and income tax expenses

Items	Current Period
Total profit	33,912,580.16
Income tax based on statutory/applicable rate	453,724.36
Income tax expense	453,724.36

Other explanation

## 73. Other comprehensive income

See Note 57.

## 74. Items of statement of cash flow

### (1) Other cash received in relation to operation activities

Items	Current Period	Last Period
Intercourse funds and others	42,741,358.46	36,914,813.79

Including: financial expense- interest income	362,762.21	193,534.85
Total	43,104,120.67	37,108,348.64

Explanation on other cash received in relation to operation activities:

**(2) Other cash paid in relation to operation activities**

Items	In RMB	
	Current Period	Last Period
Expenses of management cash paid	4,119,883.15	9,521,672.42
Sales expenses paid in cash	1,234,748.50	2,738,457.38
Intercourse funds and others	49,044,939.72	48,150,288.98
Purchase of financial products		7,000,000.00
Total	54,399,571.37	67,410,418.78

Explanation on other cash paid in relation to operation activities:

**(3) Cash received from other investment activities**

Items	In RMB	
	Current Period	Last Period

Explanation on cash received from other investment activities

**(4) Cash paid related with investment activities**

Items	In RMB	
	Current Period	Last Period
Other		84,559.42
Total		84,559.42

支付的其他与投资活动有关的现金说明:

**(5) Other cash received in relation to financing activities**

Items	In RMB	
	Current Period	Last Period

Explanation on other cash received in relation to financing activities

**(6) Cash paid related with financing activities**

Items	In RMB	
	Current Period	Last Period



Explanation on cash paid related with financing activities:

## 75. Supplementary information to statement of cash flow

### (1) Supplementary information to statement of cash flow

In RMB

Supplementary information	This Period	Last Period
1. Net profit adjusted to cash flow of operation activities:	--	--
Net profit	33,458,855.80	12,290,212.54
Add: Assets impairment provision	-1,943,630.88	-201,172.25
Depreciation of fixed assets, consumption of oil assets and depreciation of productive biology assets	15,751,219.98	16,243,824.31
Amortization of intangible assets	195,735.06	195,735.06
Loss from disposal of fixed assets, intangible assets and other long-term assets(gain is listed with "-")	-247,813.32	-2,663,085.89
Financial expenses (gain is listed with "-")	2,891,561.26	1,050,289.43
Decrease of inventory (increase is listed with "-")	-55,276,389.67	-14,960,244.79
Decrease of operating receivable accounts (increase is listed with "-")	-1,486,025.93	-34,189,476.51
Increase of operating payable accounts (decrease is listed with "-")	24,532,644.24	38,467,499.68
Net cash flow arising from operating activities	17,876,156.54	16,233,581.58
2. Material investment and financing not involved in cash flow	--	--
3. Net change of cash and cash equivalents:	--	--
Balance of cash at period end	102,884,493.47	79,772,739.78
Less: Balance of cash equivalent at year-begin	129,521,203.29	72,428,421.94
Net increasing of cash and cash equivalents	-26,636,709.82	7,344,317.84

### (2) Net cash paid for obtaining subsidiary in the Period

In RMB

	Amount
Including:	--
Including:	--
Including:	--

Other explanation:

### (3) Net cash received by disposing subsidiary in the Period

In RMB

	Amount
Including:	--
Including:	--
Including:	--

Other explanation:

### (4) Constitution of cash and cash equivalent:

In RMB

Item	Closing balance	Opening balance
I . Cash	102,884,493.47	129,521,203.29
Including: Cash on hand	2,768,761.41	1,733,006.22
Bank deposit available for payment at any time	99,561,338.48	128,664,656.08
Other monetary fund available for payment at any time	554,393.58	784,064.34
III. Balance of cash and cash equivalent at period-end	102,100,951.96	128,737,661.78

Other explanation:

## 76. Notes of changes of owners' equity

Explain the name and adjusted amount in "Other" at end of last period:

## 77. Assets with ownership or use right restricted

In RMB

Item	Ending book value	Restriction reasons
Monetary fund	783,541.51	Other monetary fund, L/C Guarantee deposits

Fixed assets	80,517,681.32	Real estate, mortgage bank
Intangible assets	12,892,891.75	Lands, mortgage bank
Total	94,194,114.58	--

Other explanation:

## 78. Item of foreign currency

### (1) Item of foreign currency

In RMB

Items	Closing balance of foreign currency	Rate of conversion	Ending RMB balance converted
Including: USD	4,363,269.58	6.7744	29,558,533.44
EUR	36,817.90	7.7496	285,324.00
JPY	72,612,178.00	0.060485	4,391,947.59
CEDI	1,573,618.46	1.6258	2,558,388.89
Including: USD	2,667,650.06	6.7744	18,071,728.57
JPY	171,613,198.59	0.060485	10,380,024.32

Other explanation:

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

Applicable  Not applicable

major foreign operation entity	Foreign main operation place	Book-keeping currency	Basis
HABITAT INTERNATIONAL CORPORATION	Panama	CNY	The economic environment in the operation sites
LAIF FISHERIES COMPANY LIMITED	Garner	USD	The economic environment in the operation sites
YAW ADDO FISHERIES COMPANY LIMITED	Garner	USD	The economic environment in the operation sites

## 79. Hedging

Disclosed hedging items and relevant hedging instrument based on hedging's category, disclosed qualitative and quantitative information for the arbitrage risks:

## 80. Other

### VIII. Changes of consolidation scope

#### 1. Enterprise consolidation not under the same control

##### (1) Enterprise consolidation not under the same control

In RMB

Acquiree	Time point for equity obtained	Cost of equity obtained	Ratio of equity obtained	Acquired way Equity obtained way	Purchasing date	Standard to determine the purchasing date	Income of acquiree from purchasing date to period-end	Net profit of acquiree from purchasing date to period-end

Other explanation:

##### (2) Combination cost and goodwill

In RMB

Combination cost	

Determination method for fair value of the combination cost and contingent consideration and changes:

Main reasons for large goodwill resulted:

Other explanation:

##### (3) Identifiable assets and liability on purchasing date under the acquiree

In RMB

	Fair value on purchasing date	Book value on purchasing date

Determination method for fair value of the identifiable assets and liabilities:

Contingent liability of the acquiree bear during combination:

Other explanation:

##### (4) Gains or losses arising from re-measured by fair value for the equity held before purchasing date

Whether it is a business combination realized by two or more transactions of exchange and a transaction of obtained control rights in the Period or not

Y N

**(5) On purchasing date or period-end of the combination, combination consideration or fair value of identifiable assets and liability for the acquiree are un-able to confirm rationally**

**(6) Other explanation**

## 2. Enterprise combined under the same control

**(1) Enterprise combined under the same control in the Period**

In RMB

Acquiree	Equity ratio obtained in combination	Basis of combined under the same control	Combination date	Standard to determine the combination date	Income of the combined party from period-begin of combination to the combination date	Net profit of the combined party from period-begin of combination to the combination date	Income of the combined party during the comparison period	Net profit of the combined party during the comparison period

Other explanation:

**(2) Combination cost**

In RMB

Combination cost	

Explanation on contingent consideration and its changes:

Other explanation:

**(3) Assets and liability of the combined party on combination date**

In RMB

	Combination date	Ending period of last year

Contingent liability of the combined party bear during combination

Other explanation:

## 3. Counter purchase

Basic information of transactions, basis of transactions constituting counter purchase, whether assets and liabilities reserved by listed companies constituting business and their basis, confirmation of combined cost, the amount occurred when adjusting rights and interests in accordance with equity transaction and its calculation:

#### 4. Disposal of subsidiaries

Losing controlling rights while dispose subsidiary on one-time

Yes No

Dispose subsidiary step by step through multi-dealings and losing controlling rights in the Period

Yes No

#### 5. Changes of combination scope

Other reasons contributed the changes for combination scope (e.g. new subsidiary established, liquidate subsidiary etc.):

#### 6. Other

### IX. Equity in other entity

#### 1. Equity in subsidiary

##### (1) Constitute of enterprise group

Subsidiary	Main operation place	Registered place	Business nature	Share-holding ratio		Acquired way
				Directly	Indirectly	
Shandong Zhonglu Fishery Shipping Co., Ltd.	Qingdao Shandong	Qingdao Shandong	Refrigerated transport	100.00%		Investment
Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd.	Yantai Shandong	Yantai Shandong	Food processing	100.00%		Investment
Shandong Zhonglu Haiyan Oceanic Fishery Co., Ltd.	Qingdao Shandong	Qingdao Shandong	Pelagic fishing	81.26%		Investment
HABITAT INTERNATIONAL CORPORATION	Panama	Panama	Refrigerated transport	100.00%		Investment
YAW ADDO FISHERIES COMPANY LIMITED	Garner	Garner	Pelagic fishing			Operating lease

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

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

Controlling basis for the structuring entity included in consolidated range:

Basis on determining to be an agent or consignator:

Other explanation:

## (2) Important non-wholly-owned subsidiary

In RMB

Subsidiary	Share-holding ratio of minority	Gains/losses attributable to minority in the Period	Dividend announced to distribute for minority in the Period	Ending equity of minority
Shandong Zhonglu Haiyan Oceanic Fishery Co., Ltd.	18.74%	5,055,199.11		33,097,484.30

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

Other explanation:

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

In RMB

Subsidiary	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liability	Non-current liability	Total liability	Current assets	Non-current assets	Total assets	Current liability	Non-current liability	Total liability
Shandong Zhonglu Haiyan Oceanic Fishery Co., Ltd.	80,825,528.26	239,567,646.77	320,393,175.03	135,299,436.58	704,672,64	136,004,109.22	96,844,105.24	92,416,572.75	189,260,677.99	12,017,618.20	704,672,64	12,722,290.84

In RMB

Subsidiary	Current Period				Last Period			
	Operation Income	Net profit	Total comprehensive income	Cash flow from operation activity	Operation Income	Net profit	Total comprehensive income	Cash flow from operation activity
Shandong Zhonglu	46,126,136.87	7,776,226.98	7,819,205.69	34,584,084.05	28,313,004.24	3,894,567.56	3,672,699.56	18,146,183.37

Haiyan Oceanic Fishery Co., Ltd.								
---	--	--	--	--	--	--	--	--

Other explanation:

**(4) Use of the corporate funds and major limitation of debt liquidation of the group**

**(5) Financial supporting or other supports offer to the structured body, which included in consolidation statement scope**

Other explanation:

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

**(1) Owners equity shares changed in subsidiary**

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

In RMB

--	--

Other explanation

**3. Equity in joint venture and cooperative enterprise**

**(1) Important joint venture and cooperative enterprise**

Name	Main operation place	Registered place	Business nature	Share-holding ratio		Accounting treatment on investment for joint venture and cooperative enterprise
				Directly	Indirectly	

Share-holding ratio or shares enjoyed different from voting right ratio:

Basis of the voting rights with 20% below but with major influence, or without major influence but with over 20% (20% included) voting rights hold:

**(2) Main financial information of the important joint venture**

In RMB

	Closing balance /Current Period	Opening balance /Last Period
--	---------------------------------	------------------------------



--	--	--

Other explanation

**(3) Main financial information of the important cooperative enterprise**

In RMB

	Closing balance /Current Period	Opening balance /Last Period

Other explanation

**(4) Summary of the financial information for those minor joint venture and affiliates**

In RMB

	Closing balance /Current Period	Opening balance /Last Period
Joint venture:	--	--
Total of the items counted by share-holding ratio	--	--
Cooperative enterprise:	--	--
Total of the items counted by share-holding ratio	--	--

Other explanation

**(5) Major limitation of the capital transfer to the Company from joint venture or affiliates**

**(6) Excess deficit arising from joint venture or affiliates**

In RMB

Joint venture or affiliates	Accumulative loss un-confirmed previous	Loss un-confirmed in the Period (or net profit shared in the Period)	Accumulative loss confirmed at period-end

Other explanation

**(7) Un-confirmed commitment with joint venture investment concerned**

**(8) Contingency with investment of joint venture investment concerned**

**4. Major co-management**

Name	Main operation place	Registered place	Business nature	Share-holding ratio /shares enjoyed	
				Directly	Indirectly

Explanation on difference of the voting rights over share-holding or share enjoyed in co-management:

As for the independent entity, basis of co-management classification:

Other explanation

## **5. Equity in structured entities not included in the consolidated financial statements**

Note of structured entities not included in the consolidated financial statements:

## **6. Other**

### **X. Risks related to financial instruments**

The financial assets of the Company include accounts receivable and other receivables. The financial liabilities of the Company include accounts payable, other payables and short-term loans. For details of each financial instrument, please refer to the relevant items in Note 5. The Company is faced with the risks of various financial instruments in its daily activities, mainly including credit risk, liquidity risk and market risk. The board of directors is responsible for establishing and supervising the risk management structure of the Company and developing and monitoring the Company's risk management policies.

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

#### **1. Credit risk**

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

#### **2. Liquidity risk**

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

#### **3. Market risk**

##### **(1) Foreign exchange risk**

Foreign exchange risk refers to the risk that the fair value of financial instruments or the future cash flows fluctuate due to changes in foreign exchange rates. The foreign exchange risk faced by the Company mainly comes from the financial assets valued in US dollars, and the amount of foreign currency financial assets converted into RMB is listed as described in VII. 78 foreign currency monetary items.

##### **(2) Interest rate risk**

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

## XI. Disclosure of fair value

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

In RMB

Item	Ending fair value			
	First-order	Second-order	Third-order	Total
I. Sustaining measured by fair value	--	--	--	--
II. Non-persistent measure	--	--	--	--

### 2. Basis for determining the market price of the sustained and non-sustained first-level fair value measurement projects

### 3. The qualitative and quantitative information of the valuation techniques and important parameters adopted for the sustained and non-sustained second-level fair value measurement projects

### 4. The qualitative and quantitative information of the valuation techniques and important parameters adopted for the sustained and non-sustained third-level fair value measurement projects

### 5. The adjustment information about book value between the beginning and the end of the period and the unobservable parameter sensitivity analysis of the sustained third-level fair value measurement projects

### 6. The sustained third-level fair value measurement projects that conversion has occurred among various levels in the current period, the reasons for change and the policy determining the conversion point

### 7. Valuation techniques change occurred during the current period and the reasons for change

### 8. The fair value situations of the financial assets and financial liabilities not measured by the fair value

### 9. Other

## XII. Related party and related transactions

### 1. Parent company of the enterprise

Parent company	Registration place	Business nature	Registered capital	Share-holding ratio	Voting right ratio on
----------------	--------------------	-----------------	--------------------	---------------------	-----------------------

				on the enterprise for parent company	the enterprise
Shandong State-owned Assets Investment Holding Company Limited	Jinan Shandong	Investment and management, management and operation of assets, managed operations, investment advisory	RMB 4,500,000,000	33.07%	33.07%

Explanation on parent company of the enterprise

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

Other explanation:

## 2. Subsidiary of the Enterprise

Found more in Note IX. 1.” Equity in subsidiary”

## 3. Cooperative enterprise and joint venture

Found more in Note.

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

Name	Relationship
------	--------------

Other explanation

## 4. Other related party

Other related party	Relationship with the Enterprise
Shandong Luxin Investment Holding Company Limited	Shareholders with over 5% shares held

Other explanation

## 5. Related transaction

### (1) Goods purchasing, labor service providing and receiving

Goods purchasing/labor service receiving

In RMB

Related party	Content	Amount of this period	Trading limit approved	Whether over the approved limited or not	Amount of last period
---------------	---------	--------------------------	---------------------------	--	-----------------------

Goods sold/labor service providing

In RMB

Related party	Content	Amount of this period	Amount of last period
---------------	---------	-----------------------	-----------------------

Explanation on goods purchasing, labor service providing and receiving

In RMB

## (2) Related trusteeship management/contracts and entrusted management/outsourcing

Statement of trusteeship management/contract:

In RMB

Client/Contract-out party	Entrusting party/Contractor	Trustee/assts contract	Trustee /start	Trustee /ends	Managed earnings /pricing of the contract earnings	Managed earnings confirmed in the period / contract earnings
---------------------------	-----------------------------	------------------------	----------------	---------------	--	--

Related managed/contract:

Entrusted management/outsourcing:

In RMB

Client/Contract-out party	Entrusting party/Contractor	Entrust /assets outsourcing	Entrust /start	Entrust /ends	Trustee fee / pricing of the outsourcing	Entrusted earnings confirmed in the period / outsourcing costs
---------------------------	-----------------------------	-----------------------------	----------------	---------------	--	--

Related management/ outsourcing:

## (3) Related lease

As a lessor for the Company:

In RMB

Lessee	Assets type	Lease income in recognized in the Period	Lease income in recognized last the Period
--------	-------------	--	--

As a lessee for the Company:

In RMB

Lessor	Assets type	Lease income in recognized in the Period	Lease income in recognized last the Period
--------	-------------	--	--

Explanation on related lease

## (4) Related guarantee

As the guarantor

In RMB

Secured party	Amount guarantee	Start	End	Completed or not (Y/N)
---------------	------------------	-------	-----	------------------------

As the secured party

In RMB

Guarantor	Amount guarantee	Start	End	Completed or not (Y/N)
Shandong State-owned Assets Investment Holding Company Limited	100,000,000.00	2017-04-28	2017-09-27	N

Explanation on related guarantee

### (5) Related party's fund loan

In RMB

Related party	Fund loan	Start	End	Note
Borrowing				
Lending				

### (6) Related party's assets transfer and debt reorganization

In RMB

Related party	Content	Current Period	Last Period
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### (7) Remuneration of key manager

In RMB

Items	Current Period	Last Period
Total remuneration	1,078,527.06	1,055,088.22

### (8) Other related transactions

## 6. Receivable/payable items of related parties

### (1) Receivable item

In RMB

Item	Related party	Closing balance		Opening balance	
		Book balance	Bad debt reserves	Book balance	Bad debt reserves

## (2) Payable item

In RMB

Item	Related party	Ending book balance	Opening book balance
------	---------------	---------------------	----------------------

### 7. Commitments of related party

### 8. Other

## XIII. Share-based payment

### 1. Share-based payment

Applicable     Not applicable

### 2. Share-based payment settled by equity

Applicable     Not applicable

### 3. Share-based payment settled by cash

Applicable     Not applicable

### 4. Amendment and termination of the share-based payment

### 5. Other

## XIV. Commitment or contingency

### 1. Important commitment

Important commitment on balance sheet date

Nil

### 2. Contingency

#### (1) Contingency on balance sheet date

Nil

#### (2) if the Company has no contingency need to disclosed, explain reasons

The Company has no important contingency that need to disclosed

### 3. Other

## XV. Event occurring after balance sheet date

### 1. Important non-adjusting events

In RMB

Item	Content	Impact on financial status and operation results	Reasons of unable to estimated the impact
------	---------	--	---

### 2. Profit distribution

In RMB

### 3. Sales return

## XVI. Other important event

### 1. Error correction for previous period

#### (1) Retrospective restatement

In RMB

Correction content	Treatment procedure	Item with impact in statement in every comparative period	Cumulative impact
--------------------	---------------------	---	-------------------

#### (2) Prospective application

Correction content	Approval procedure	Cause of prospective application adoption
--------------------	--------------------	---

### 2. Debt reorganization

### 3. Assets replacement

#### (1) exchange of non-monetary assets

#### (2) other assets replacement

### 4. Pension plan

### 5. Discontinuing operation

In RMB



Item	Revenue	Expenses	Total profit	Income tax expenses	Net profit	Profit of discontinuing operation attributable to owners of parent company
------	---------	----------	--------------	---------------------	------------	--

Other explanation

## 6. Segment information

### (1) determination basis and accounting policy for segment

### (2) Financial information of the segment

In RMB

Item		Offset between segment	Total
------	--	------------------------	-------

**(3) If the Company has no segment reporting, or unable to disclosed the total assets and liabilities of the segment, explain reasons**

### (4) Other explanation

## 7. Other important transactions and events shows impact on investor decision-making

## 8. Other

## XVII. Principle notes of financial statements of parent company

### 1. Accounts receivable

#### (1)Category of account receivable

In RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt reserves		Book value	Book balance		Bad debt reserves		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	
Account receivable with bad debt provision accrual by portfolio	15,540,7	83.49	5,388,33	8.81	10,152,44 4.68	18,751,934.01		5,689,018.01		13,062,916.00
Total	15,540,7		5,388,33		10,152,44	18,751,		5,689,018		13,062,916.

	83.49		8.81		4.68	934.01		.01		00
--	-------	--	------	--	------	--------	--	-----	--	----

Account receivable with major single amount and withdrawal bad debt provision single at period-end:

Applicable  Not applicable

Account receivable with bad debt provision withdrawal by method of account age in portfolio:

Applicable  Not applicable

In RMB

A/C age	Closing balance		
	Account receivable	Bad debt reserves	Accrual ratio
Sub-item of within one year			
Subtotal of within one year	10,152,444.68		
Over three years	5,388,338.81	5,388,338.81	100.00%
Total	15,540,783.49	5,388,338.81	

Explanation on portfolio basis:

In combination, withdrawal proportion of bad debt provision based on balance proportion for account receivable:

Applicable  Not applicable

In combination, withdrawal proportion of bad debt provision based on other methods for account receivable:

### (2) Bad debt provision accrual, switch-back or taken back in reporting period

Amount accrual in the Period; amount 300,679.20 Yuan switch-back or taken back in the Period .

Including major amount of bad debt provision that switch-back or taken back in the Period:

In RMB

Company	Amount switch back or taken back	Way
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### (3) Account receivables actually written-off during the reporting period

In RMB

Items	Amount verified
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Including major account receivables written-off:

In RMB

Company	Nature	Amount verified	Reasons	Verified procedures	Occurred due to related transaction (Y/N)
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Explanation on account receivable written-off :

**(4)Top five receivables collected by arrears party at ending balance**

Company	Ending balance	Ratio in total receivable (%)	Balance of bad debt provision
Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd.	9,968,835.00	64.15%	
PACIFIC PANDA,INC	3,600,962.12	23.17%	3,600,962.12
Qingdao Haifeng Gorup Limited	430,625.10	2.77%	430,625.10
Lv Ming	158,154.98	1.02%	158,154.98
Daqun Company	156,875.50	1.01%	156,875.50
Total	14,315,452.70		4,346,617.70

**(5)Account receivables derecognized due to financial assets transfer**

**(6)Transfer the account receivable and assets & liabilities arising from further involvement**

Other explanation:

**2. Other accounts receivable**

**(1)Category of other account receivable**

In RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt reserves		Book value	Book balance		Bad debt reserves		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	
Other account receivable with bad debt provision accrual by portfolio	65,327,671.34		2,119,723.98		63,207,947.36	43,482,072.02		3,571,189.67		39,910,882.35
Total	65,327,671.34		2,119,723.98		63,207,947.36	43,482,072.02		3,571,189.67		39,910,882.35

Other account receivable with major single amount and withdrawal bad debt provision single at period-end:

Applicable  Not applicable

Other account receivable with bad debt provision withdrawal by method of account age in portfolio:

Applicable  Not applicable

In RMB

A/C age	Closing balance		
	Other receivable	Bad debt reserves	Accrual ratio
Sub-item of within one year			
Subtotal of within one year	63,108,214.30	88,434.09	
1-2 years	225,840.14	67,752.04	
2-3 years	60,158.10	30,079.05	
Over three years	1,933,458.80	1,933,458.80	
Total	65,327,671.34	2,119,723.98	

Explanation on portfolio basis:

In combination, withdrawal proportion of bad debt provision based on balance proportion for other account receivable

Applicable  Not applicable

In combination, withdrawal proportion of bad debt provision based on other methods for other account receivable

Applicable  Not applicable

### (2) Bad debt provision accrual, switch-back or taken back in reporting period

Amount accrual in the Period; amount 1,451,465.69 Yuan switch-back or taken back in the Period

Including major amount of bad debt provision that switch-back or taken back in the Period:

In RMB

Company	Amount switch-back or taken back	Way

### (3) Other receivables actually written-off during the reporting period

In RMB

Items	Amount verified

Including major other account receivables written-off

In RMB

Company	Nature of other receivables	Amount verified	Reasons	Verified procedures	Occurred due to related transaction (Y/N)

Explanation on write-off of other receivables:

### (4) Other receivables by nature

In RMB

Nature	Ending book balance	Opening book balance
Intercourse funds and others	64,294,173.91	43,482,072.02

Employee's borrowing	823,497.43	
Leasing margin	210,000.00	
Total	65,327,671.34	43,482,072.02

**(5) top 5 other receivables collected by arrears party at ending balance**

In RMB

Company	Nature	Ending balance	Account age	Proportion in total other receivables at year-end	Ending balance of bad debt provision
Shandong Zhonglu Fishery Shipping Co., Ltd.	Internal transactions	24,714,718.67	Over 2 years	38.00%	
Shandong Zhonglu Haiyan Oceanic Fishery Co., Ltd.	Internal transactions	20,000,000.00	Within one year	31.00%	
YAWADDO FISHERIES COMPANY LIMITED	Internal transactions	11,214,657.74	Within one year	17.00%	
LAIF FISHERIES CO.LTD	Internal transactions	6,034,049.51	1-3 years	9.00%	
Employee loans	Personal loan	801,572.43	Within one year	1.00%	77,934.09
Total	--	62,764,998.35	--		77,934.09

**(6)Account receivable involved government subsidies**

In RMB

Company	Name	Ending balance	Ending account age	Time, amount and basis estimated to received

**(7)Other account receivables derecognized due to financial assets transfer**

**(8)Transfer the other account receivable and assets & liabilities arising from further involvement**

Other explanation:

**3. Long-term equity investment**

In RMB

Items	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investment for subsidiary	204,189,455.23		204,189,455.23	204,189,455.23		204,189,455.23
Total	204,189,455.23		204,189,455.23	204,189,455.23		204,189,455.23

### (1) Investment for subsidiary

In RMB

The invested entity	Opening balance	Increase during the period	Decrease during this period	Closing balance	Impairment accrual	Ending balance of impairment provision
Habitat International Corporation	12,476,145.60			12,476,145.60		
Shandong Zhonglu Fishery Shipping Co., Ltd.	22,869,513.38			22,869,513.38		
Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd.	55,448,185.24			55,448,185.24		
Shandong Zhonglu Haiyan Oceanic Fishery Co., Ltd.	113,395,611.01			113,395,611.01		
Total	204,189,455.23			204,189,455.23		

### (2) Investment for associates and joint venture

In RMB

Company	Opening balance	+,-								Closing balance	Ending balance of impairment provision
		Additional investment	Capital reduction	Investment gains recognized under equity	Other comprehensive income adjustment	Other equity change	Cash dividend or profit announced to issued	Impairment accrual	Other		
I. Joint venture											
II. Associated enterprise											

### (3) Other explanation

### 4. Operating income and cost

In RMB

Items	Current Period		Last Period	
	Income	Cost	Income	Cost
Main business	57,174,319.09	43,119,825.36	11,269,475.74	16,789,134.08
Other business	2,364,952.79	718,241.91	2,873,525.90	843,405.00
Total	59,539,271.88	43,838,067.27	14,143,001.64	17,632,539.08

Other explanation:

### 5. Investment gains

In RMB

Items	Current Period	Last Period

### 6. Other

## XVIII. Supplementary Information

### 1. Current non-recurring gains/losses

Applicable     Not applicable

In RMB

Item	Amount	Note
Gains/losses from the disposal of non-current asset	262,376.43	Revenue from vehicles disposal
Governmental subsidy reckoned into current gains/losses (not including the subsidy enjoyed in quota or ration according to national standards, which are closely relevant to enterprise's business)	433,402.16	Subsidy for construction of the Blue Economic Zone
Other non-operating income and expenditure except for the aforementioned items	-85,202.83	
Total	610,575.76	--

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

Applicable     Not applicable

## 2. REO and earnings per share

Profits during report period	Weighted average ROE	Earnings per share	
		Basic EPS (RMB/Share)	Diluted EPS (RMB/Share)
Net profits belong to common stock stockholders of the Company	5.05%	0.12	0.12
Net profits belong to common stock stockholders of the Company after deducting nonrecurring gains and losses	4.95%	0.12	0.12

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

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

Applicable     Not applicable

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

Applicable     Not applicable

**(3) Explain accounting difference over the accounting rules in and out of China; as for the difference adjustment for data audited by foreign auditing organ, noted the name of such foreign organ**

4. Other