



Guangdong Haid Group Co., Limited

2018 Annual Report

Stock Code: 002311

Stock Abbreviation: Haid Group

Date of Approval for Publication: 13 April 2019

Section I. Important Notice, Table of Contents and Definitions

The board of directors (the "Board"), the supervisory committee, the directors, the supervisors and the senior management of the Guangdong Haid Group Co., Limited (the "Company") hereby warrant the truthfulness, accuracy and completeness of the information presented in this report, guarantee that there are no misrepresentations, misleading statements or material omissions contained in this annual report, and are individually and collectively responsible for the authenticity, accuracy and completeness of the information contained in this report.

Mr. Hua Xue, head of the Company, Ms. Li Tian, head in charge of accounting work, and Mr. Shaolin Yang, head of the accounting department (Accounting Officer), declare that they warrant the truthfulness, accuracy and completeness of the financial statements in the annual report.

All directors were present in person at the Board meeting to consider and approve this annual report.

The Report contains forward-looking statements such as future plans, which do not constitute any specific undertakings by the Group to its investors. Investors are advised to pay attention to investment risks.

The proposed profit distribution plan of the Company was considered and passed by the Board: on the basis of the total number of shares on the registration date when the plan is implemented in the future, the Company will distribute cash dividend of RMB 3.00 (tax inclusive) and 0 bonus share (tax inclusive) for every 10 existing shares held by all shareholders without capitalization of capital reserve.

This report has been prepared in both Chinese and English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese version shall prevail. The complete published Chinese 2018 Annual Report is available at <http://www.cninfo.com.cn>.

Risk Warning

I. Risk of Periodical Fluctuations in the Feed Industry due to Abnormal Weather and Animal Epidemic Diseases during Animal Production

The feed industry mainly serves the downstream animal feeding industry. The abnormal changes in natural elements such as precipitation and typhoon may lead to fluctuations of the inventory of livestock or aquatic products and even the large-scale outbreak of animal diseases. This thus affects the demand for feed and likely causes the risk of periodic and regional fluctuations of the latter. With the environmental changes and the expansion of animal production industry, animal epidemic diseases may also occur occasionally. For instance, the African swine fever virus broke out across China in August 2018. PRRSV-mediated pig disease, shrimp-relevant EMS epidemic disease and poultry-relevant “H7N9” disease all occurred recently. The outbreak of animal diseases will directly inhibit the scale of animal production and reduce the demand for feed in the short term; major animal epidemic diseases may also dampen the demand from end-consumers, leading to a downturn of the animal production industry, and further affect the feed demand, giving rise to adverse effects on the production and operation of feed enterprises.

Risk management methods: (1) The Company is currently fully deploying factories and developing local markets in major areas in Southern China, Central China, Eastern China and Northern China and overseas markets in Southeast Asia, etc. and the expansion of regional distribution can effectively cope with the risk of weather anomalies and natural disasters in local areas. (2) The Company's feed varieties cover pig feed, chicken feed, duck feed and other livestock feed and fish feed, shrimp feed and other aquatic feed. With a variety of products and a well-balanced structure, it can effectively deal with the risk of single breed species and has strong comprehensive anti-risk capability.

II. Risk of Drastic Price Fluctuations of Major Raw Materials

The feed ingredients mainly consist of various kinds of staple agricultural products such as corn and soybeans(soybean meal). In recent years, the domestic and international markets of agricultural product have been closely linked. Changes in the planting area and harvest of crops in major grain-producing countries, purchasing and storage and subsidy policies, import and export policies, fluctuations in logistics capacity and costs of shipping, exchange rates and others may cause great fluctuations in prices of agricultural products, which, in turn, has a certain impact on the cost of feed and farming. With the strengthening of the internationalization in trade of agricultural products, the factors for changes in the prices of agricultural products have become more

complex and the price fluctuations have therefore increased. If raw material prices fluctuate and the Company fails to understand the changes in the trade of feed raw materials in a timely manner and promptly implement strategic management and risk control of procurement, the Company may face the risk of rising integrated procurement costs.

Risk management methods: (1) The Company divides raw material into different categories and implements a combination of centralized procurement of staple category and local procurement of regional varieties, which not only guarantees the advantages of large-scale raw material procurement, but also obtains localization advantages from rapid response in respect of regional procurement; (2) The Company continuously invests in the construction of the raw material procurement research system. The team of the professional raw material information research department is relatively mature. It conducts strategic procurement through the real-time tracking, research and judgment of the domestic and foreign bulk raw material market trends, and implements position risk management for bulk raw materials through futures hedging, raw materials trade and other tools to effectively control procurement risks; (3) The Company has accumulated rich experience in research and development of animal nutrition and feed formula technologies, and has research and development team composed of over 1,000 members. Large amounts of funds are spent on research and development each year, focusing on animal nutrition requirements, feed formula technology, animal farming and genetic improvement, comprehensive investigation on healthy animal farming strategies, and other research areas. The Company has a profound understanding of animal nutritional requirements and higher level of expertise in comprehensive utilization of raw materials. Therefore, in case of raw material price fluctuations, it can quickly adjust the formula to control the reasonable feed nutrient level and formula costs.

III. Risk of Structural, Regional and Scale Adjustment to Farming Industry under Environmental Protection Regulations and Policies

In recent years, the State has introduced a series of environmental protection laws and regulations including the new Environmental Protection Law (环保法), the Regulations on Prevention and Control of Pollution from Large-Scale Production of Livestock and Poultry (畜禽规模养殖污染防治条例), Action Plan for Prevention and Treatment of Water Pollution (水污染防治行动计划), and the Guiding Opinions on Adjusting the Layout of Pig Production in the Southern Water Network Region (关于促进南方水网地区生猪养殖布局调整), the "13th Five-Year Plan" on Ecological and Environmental Protection (“十三五”生态环境保护规划), which stipulate the pollution prevention and control of animal production industry, increase the pollution control of animal production

industry, and especially limit the production scale in the regions of key water sources and its surrounding areas. According to the regulations and policies of the central government, banned areas and restricted areas have been set up throughout the country, and pig farms in the banned areas in the southern water network area are gradually relocating. The implementation of environmental protection policies will speed up the withdrawal of private pig farming farmers, reduce the backward production capacity failing to meet environmental protection standards and with a small scale, and enable large -scale farmers to continuously expand their production capacity and improve the farming scale and structure; In addition, the establishment of banned areas and restricted areas will enforce adjustments to the pig production capacity in all places across the country. The adjustments to the scale composition of pig production and the relocation of pig production area will certainly have a profound impact on the existing capacity layout, market share, pricing power and business model of the feed industry. The impact of enforced environmental protection policies on the pig growing and feed industries puts existing competitive companies in the market at risk of reshuffle.

Risk management methods: (1) The Company continually improves its capability to serve farmers. In addition to feed products, the Company is also engaged in the industrial chain of animal healthcare products, vaccines and finance and has a strong stickiness to large-scale farmers; (2) The feed varieties of the Company cover livestock, poultry, and aquatic animals and the product line is abundant. The production lines for pig feed, chicken feed, duck feed and pelleted fish feed can be shared. The Company can rapidly shift the production layout and make adjustments to adapt to the changes in the industry by adjusting the production capacity in all places. (3) The Company adopts multiple models to speed up the production layout in areas with rich resources and strong environmental carrying capacity, and to seize the market share of new animal farming areas.

IV. Risk of Exchange Rate Fluctuations

The global procurement of raw materials has become the norm. The scale of overseas investment and overseas operations of the Company is also rapidly expanding. The scale of cross-border fund settlement and the stock of overseas assets have grown substantially, involving the currency types of various related countries. Currency exchange rate fluctuations are subject to different influence factors, and exchange rate fluctuations in any currency may have a certain impact on the settlement cost and asset stock value of the region.

Risk management methods: (1) Based on the business scale, business model, and settlement characteristics in different regions and countries, the Company strictly controls the exchange rate risks, carefully selects settlement currencies,

and strives to achieve relatively balanced regional fund inflow and outflow through structural arrangements of financing sources and financing types; (2) The expansion of two-way fluctuations in the RMB exchange rate has become the new normal. The Company further enhances its awareness of foreign exchange risk management, and arranges settlement models based on the procurement and sales strategies and cycle characteristics of import and export operations. And forward foreign exchange settlement and sale, swaps, foreign exchange options and other financial instruments are flexibly used to lock the exchange rate risks, control procurement and sales costs, and control the possible risk brought about by exchange rate fluctuations.

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Definitions

Item	Definition
Company, Group, Haid Group	Guangdong Haid Group Co., Limited
Board	the board of directors of Guangdong Haid Group Co., Limited
Supervisory Committee	the supervisory committee of Guangdong Haid Group Co., Limited
General Meeting	the general meeting of Guangdong Haid Group Co., Limited
Company Law	the Company Law of the People's Republic of China
Securities Law	the Securities Law of the People's Republic of China
Articles of Association	the Articles of Association of Guangdong Haid Group Co., Limited
RMB	Renminbi
reporting period, the period, the year	the period from 1 January 2018 to 31 December 2018
last year, the same period of last year	the period from 1 January 2017 to 31 December 2017
the end of the period	31 December 2018
the beginning of the period or the year	1 January 2018
CSRC	China Securities Regulatory Commission

Section II. Company Profile and Key Financial Indicators

I. Company profile

Stock abbreviation	Haid Group	Stock code	002311
Stock exchanges on which the shares are listed	Shenzhen Stock Exchange		
Chinese name of the Company	广东海大集团股份有限公司		
Chinese abbreviation of the Company	海大集团		
English name of the Company (if any)	Guangdong Haid Group Co., Limited		
English abbreviation of the Company (If any)	HAID GROUP		
Legal representative of the Company	Hua Xue		
Registered address	Room 701 , Building 2, Haid Mansion, No. 42, Road 4, Wangbo, Nancun Town, Panyu Dist, Guangzhou, China.		
Postal code of registered address	511445		
Office address	Room 701 , Building 2, Haid Mansion, No. 42, Road 4, Wangbo, Nancun Town, Panyu Dist, Guangzhou, China		
Postal code of office address	511445		
Website of the Company	www.haid.com.cn		
Email address	zqbgs@haid.com.cn		

II. Contact persons and contact methods

	Secretary to the Board	Securities Affairs Representative
Name	Zhijian Huang	Jiewen Lu
Correspondence address	Room 701 , Building 2, Haid Mansion, No. 42, Road 4, Wangbo, Nancun Town, Panyu Dist, Guangzhou, China	Room 701 , Building 2, Haid Mansion, No. 42, Road 4, Wangbo, Nancun Town, Panyu Dist, Guangzhou, China
Telephone	8620-39388960	8620-39388960
Facsimile	8620-39388958	8620-39388958
Email address	zqbgs@haid.com.cn	zqbgs@haid.com.cn

III. Information disclosure and places for inspection

Designated media for information disclosure	Securities Times, China Securities Journal, Securities Daily, Shanghai Securities News
Designated websites for the publication of the Annual Report as approved by CSRC	www.cninfo.com.cn
Places for inspection of the Company's Annual Report	Securities Department of the Company

IV. Change in registration

Organisation registration code	No change
Change of principal activities since its listing (if any)	No change
Change of the controlling shareholder (if any)	No change

V. Other relevant information

CPAs engaged by the Company

Name of CPAs	GP Certified Public Accountants (Special General Partnership)
CPAs' Office Address	Rooms 1001-1008, No. 555 Dongfeng East Road, Yuexiu District, Guangzhou
Name of the Signing Certified Public Accountants	Hongfei Xian, Shuxia Zhang

Sponsors engaged by the Company to continuously perform its supervisory function during the reporting period

☐ Applicable ☒ Not applicable

Financial Advisors engaged by the Company to continuously perform its supervisory function during the reporting period

☐ Applicable ☒ Not applicable

VI. Major accounting data and financial indicators

Retrospective adjustment to or restatement of the accounting data for prior years by the Company

☐ Yes ☒ No

	2018	2017	Increase/decrease for the year as compared to the prior year	2016
Total Operating Revenue (RMB)	42,156,628,800.11	32,556,634,127.38	29.49%	27,185,309,985.32
Net income attributable to shareholders of the Company (RMB)	1,437,281,732.28	1,207,225,209.35	19.06%	855,810,234.81
Net income after excluding non-operating gains or losses attributable to shareholders of the Company (RMB)	1,394,557,560.67	1,162,756,461.48	19.94%	816,352,234.72
Net cash flows from operating activities (RMB)	1,035,764,006.33	494,221,455.85	109.57%	1,142,154,547.73
Basic earnings per share (RMB per share)	0.90	0.78	15.38%	0.55
Diluted earnings per share (RMB per share)	0.90	0.78	15.38%	0.55
Rate of return on net assets on weighted average basis	20.21%	20.01%	0.20%	16.17%
	As at the end of 2018	As at the end of 2017	Increase/decrease as at the end of the year compared to the end of the prior year	As at the end of 2016
Total assets (RMB)	17,365,663,861.06	13,160,456,702.93	31.95%	10,287,890,139.45

Net assets attributable to shareholders of the Company (RMB)	7,745,939,076.96	6,474,694,687.24	19.63%	5,649,592,278.17

VII. Differences in accounting data under domestic and overseas accounting standards

1. Differences between the net income and net assets disclosed in accordance with international accounting standards and China accounting standards in the financial report

☐ Applicable ☒ Not applicable

There was no difference between the net income and net assets disclosed in accordance with international accounting standards and China accounting standards in the financial report during the reporting period.

2. Differences between the net income and net assets disclosed in accordance with overseas accounting standards and China accounting standards in the financial report

☐ Applicable ☒ Not applicable

There was no difference between the net income and net assets disclosed in accordance with overseas accounting standards and China accounting standards in the financial report during the reporting period.

VIII. Key Financial Indicators by Quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Total Operating Revenue	7,259,881,518.56	10,421,019,240.49	13,152,576,065.30	11,323,151,975.76
Net income attributable to shareholders of the Company	100,553,917.47	499,877,101.97	670,628,222.00	166,222,490.82
Net income after excluding non-operating gains or losses attributable to shareholders of the Company	93,390,698.04	483,434,671.03	660,773,552.00	156,958,639.60
Net cash flows from operating activities	147,825,655.92	147,367,901.52	-342,769,844.40	1,083,340,293.29

Whether the above indicators or their aggregated amounts have any material difference with the respective amounts as disclosed in the quarterly report or interim report

☐ Yes ☒ No

IX. Items and Amounts of Non-operating Gains or Losses

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Amount for 2018	Amount for 2017	Amount for 2016	Explanation
Gain or loss on disposal of non-current assets	-581,071.09	-12,825,316.16	-4,691,026.41	
Government subsidies charged to current profit or loss (exclusive of government subsidies given in the Company's ordinary course of business at fixed quotas or amounts as per government's uniform standards)	66,315,959.91	59,725,956.70	45,252,629.88	
Gain equal to the amount by which investment costs for the Company to obtain subsidiaries, associates and joint ventures are lower than the Company's enjoyable fair		122,148.00		

value of identifiable net asset value of investees when making investments				
Gain or loss on changes in fair value of trading financial assets and liabilities & income from disposal of trading financial assets and liabilities and available-for-sale financial assets (exclusive of effective portion of hedges that arise in the Company's ordinary course of business)	-175,206.74	-73,004.67	5,830,256.01	
Reversed portion of impairment allowance for accounts receivable which are tested individually for impairment	3,466,834.57	1,359,508.00		
Non-operating gains and losses other than above	-12,961,386.26	2,623,429.25	195,344.69	
Other gains and losses that meet the definition of non-operating gain/loss	1,263,559.84	1,259,316.26	2,419,649.61	
Less: Income tax effects	11,931,518.80	8,012,841.86	11,733,737.26	
Less: Non-controlling interests effects (net of tax)	2,672,999.82	-289,552.35	-2,184,883.57	
Total	42,724,171.61	44,468,747.87	39,458,000.09	--

Notes for the Company's non-operating gain or loss items as defined in the Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No.1 - Non-operating Gains or Losses (公开发行证券的公司信息披露解释性公告第 1 号——非经常性损益) and the non-operating gain or loss items as illustrated in the Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No.1 - Non-operating Gains or Losses (公开发行证券的公司信息披露解释性公告第 1 号——非经常性损益) defined as its recurring gain or loss items

☐ Applicable ☒ Not applicable

No non-operating gain or loss items as defined or illustrated in the Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No.1 - Non-operating Gains or Losses (公开发行证券的公司信息披露解释性公告第 1 号——非经常性损益) were defined by the Company as its recurring gain or loss items during the reporting period.

Section III. Business Overview

I. Principal Operations of the Company During The Reporting Period

Whether the Company needs to comply with the disclosure requirements of specific industries

No

(I) Principal businesses and products and major business models of the Company during the reporting period

1. Principal businesses and products

Centering on the products and services needed in the animal production process, the Company's businesses cover the research and development, design, production, sales, service and all other types of activities of various products. Its main products include feeds for aquatic animals, feeds for livestock and poultry, high-quality aquatic animal seedlings, animal healthcare products, biological products, and pig farming.

The production and sale of feeds for aquatic animals, livestock and poultry are the Company's most important businesses, and the Company has also accumulated a wide range of customer resources through the feed business; the Company can better help customers to achieve animal farming success by providing customers with quality animal seedlings that are scarce in the market; Cost-effective animal health products including vaccines, veterinary drugs and biological products, supplemented by efficient overall animal farming solutions, enable customers to achieve healthy animal farming while implementing better control over the cost and gaining competitive advantage in respect of end products.

Specifically, the Company's products mainly include feeds for chickens, ducks, pigs, fish and shrimps, farmed species such as pig, shrimp and fish fry, as well as biological products, veterinary drugs, vaccines and other products needed in the production of livestock, poultry and aquatic animals.

2. Main Business Model

The Company started up from the feed business. Its rich customer resource helps to have deep understanding of and exploration of customer needs. This results in a continually enlarged profile of products and service to the customer, which gradually extends from feed to high tech areas with increased added-value such as animal seedlings, veterinary drugs and vaccine products. The scale of production and sales of high value-added products has gradually expanded, and the proportion thereof in income structure has also been increasing year by year. In recent years, through the extension of the industrial chain, the Company has further attempted to enter into such areas as pig farming and food processing. The business model has been developed and extended in an orderly manner with various industrial segments interactively supporting and developing each other.

In particular, for the feed business which has the largest scale, the business management is mainly carried out with the business model of centralized procurement of raw materials, distributed production layout, sales of products accompanied with technical services. The adoption of a centralized procurement model composed of "group + regional center", combined with hedging and other methods, for agricultural products and other bulk raw materials can achieve better procurement cost advantages and risk control; with the goal of being the closest to the market, convenient in logistics and rich in resources, the Company conduct distributed layout production and its factories currently are mainly distributed in nearly 100 cities in China and Southeast Asia; Distribution + direct sales is the Company's main sales model. Focusing on localized marketing, the Company has fully established distribution channels to efficiently solve farmers' capital and transportation needs. The Company's own professional technology and service teams consisting of a large number of members directly visit farmers to provide farming technical services and have achieved functional complementation and collaboration with sales organization and management teams in terms of sales and service as well as channel and farmers; high-quality animal seedlings, biological Products, veterinary drugs and vaccines have become indispensable products and tools for the Company to provide services and constitute a package of overall sales programs and solutions.

The business models for seedlings and animal healthcare products reflect the distinctive features of research and development and technology as the guide, differentiated products as the carrier, and service support as the main promotion strategy. Seedlings and animal healthcare products involve a long period of investment in research and development. Technology accumulation needs better predictability and market insight, and strong originality of products. To provide better service support, it is necessary to invest in the long term and to build service teams with rich technology, knowledge, and experience. Therefore, a multi-tiered research and development system has been chosen for the business management model, supplemented by a production base that has a relatively high starting point for investment and a marketing strategy with a stronger aggressive power.

The Company's pig farming business started at an early stage, and adopts the business model of "company + farmer", which means that the Company provides farmers with necessary products such as seedlings, feed, vaccines, etc., the farmers complete the farming process after agreeing on the main technical requirements for the farming process and then the Company repurchases the finished products for sales. The Company also has some self-supporting production bases and will further expand the scale of production.

The Company has set up professional functional departments including technology research institute, procurement center, financial center, factory operation center, marketing center, process and information management center, and human resource center at its headquarters. Each professional center aims at acquiring technical and management leadership in its field and provides technical and management standards as well as integrated and professional management and service support for large regions/business divisions and various branches and subsidiaries. The Group has set up multiple regional / business divisions according to regions or business categories. The regional / business divisions mainly organize and manage the production, sales and service of branches and subsidiaries.

(II) Development stage and periodic characteristics of and position of the Company in the industries where the Company operated during the reporting period

1. Industry development stage

China's feed industry development started in the 1980s. After over forty years of development, China's total amount of feed ranks the first in the world. In recent years, the national feed production was steady in slower growth and has entered a stage of stable development and industrial restructuring and upgrading. Due to the aggravated competition among enterprises, the number of feed enterprises decreased from more than 10,000 in 2010 to over 6,000 in 2015. It is expected that the consolidation would continue and the number would be further reduced. According to the development goals under the "13th Five Year Plan" for National Feed Industry (2016-2020)(全国饲料工业“十三五”发展规划(2016-2020)) as promulgated by the Ministry of Agriculture, the national feed production will reach 220 million tonnes by 2020, representing an increase of 10% as compared to 200 million tonnes in 2015. The industry will gradually shift to large -scale and intensified development, but feed enterprises will be subject to further differentiation. Superior enterprises will make good use of the opportunity of industry consolidation and their scale advantages to extend the industrial chain or develop diversified businesses through mergers and acquisitions as well as construction of new production capacities; confronted with the development bottlenecks in terms of capital pressure, talent pressure, technical pressure and service capacity, SMEs will gradually be merged by dominant enterprises or eliminated from the market.

The high-quality animal seedlings have a huge market space. However, most of the high-quality seedlings for farmed species, especially aquatic seedlings, are currently under-supplied. There are fewer new strains with proprietary intellectual property right, and the production capacity is small. It is far from meeting the needs of the animal farming industry to upgrade and progress. In a longer period, there will be pressure in respect of achieving research and development progress and improving production supply capacity.

The market demand of animal healthcare industry has grown rapidly. In particular, with the upgrading of consumption, the upgrading of farming species has significantly increased the demand for health, safety, and green farming, and the concept of prevention over treatment has been increasingly accepted by a wide range of farmers. The help of reasonable animal healthcare product investment for farming is mainly reflected in the direct effects of a reduced disease risk, increased health and safety added value of products, controllable farming costs,

and improved farming efficiency, as well as a number of extended effects including reduced labor intensity and improved industrial chain extension capability. In the future, the market capacity of the animal healthcare industry will see a greater room for continuous development on the basis of the current situation, and dominant enterprises will usher in major market development opportunities.

The pig farming business is rapidly moving towards large -scale, intensive, and factory-oriented development. In addition to changes in the scale and capabilities of the farming entities, the farming areas also show obvious features of moving northwards and westwards. Small-scale farmers and family-based private farmers quickly withdraw from the market. With the rapid advancement of farming technology, the automation of farming process has been significantly improved and the techniques of animal waste treatment for environmental protection have also been notably enhanced. The farming industry will continue to maintain the characteristics of large -scale and industrialization development in the medium term.

2. Periodic characteristics of the industry

The cycle of feed, animal healthcare products, seedlings and other industries is related to that of the animal production industry. The cycle of the animal production industry is mainly determined by the supply end (feeding capacity).

China is a country with a large population. Residents have a huge food consumption demand which remains relatively rigid and stable for a certain period of time. Therefore, the supply end of the animal production industry (animal farming capacity) determines the price of the farmed species and thus determines the cycle of the animal production industry. In general, the feed industry will lag behind the cycle of the animal production industry. When the animal farming capacity is smaller than the demand, the terminal price of the farmed species will increase, the profit of the farming will be considerable, and the farming cycle will have a high degree of prosperity. However, due to the reduction of the farming capacity, feed demand will decline. When the farming amount is greater than the consumer demand, the terminal price of the farmed species will fall, resulting in farming loss and sluggish farming cycle. However, due to the larger amount of animal farming, there is a greater demand for feed. As the prosperity of the animal farming industry directly affects the farmers' choice of high-quality or low-grade feed products, the enthusiasm of feed feeding, the sensitivity of feed product prices, and the effective transfer of feed raw material price fluctuations, etc., the actual cycle of the feed industry is more complicated.

The high-quality aquatic seedlings and animal healthcare industry are in a period of rapid growth, with no obvious periodic characteristics, and they are in a period of rapid development of the industry as a whole.

3. Position of the Company in the industries in which the Company operates

The Company is a large integrated enterprise.

Firstly, China's feed industry is still relatively decentralized. The Company ranks among the top five in the national feed industry. It sold 10.7 million tonnes of feed in 2018, representing approximately 4.7% of the country's total feed production. There is still room for increase in market share. The Company's aquatic feed ranks at the forefront of the domestic industry due to its technological and scale leadership; and the livestock and poultry feed ranks among the top ten in the industry and in a leading position in technology and industry scale in the regional market. The Company ranks among the top ten feed enterprises in the world in terms of production and sales scale.

The Company has a relatively leading share in the aquatic feed market in Vietnam, India, Malaysia and other countries in Southeast Asia, and ranks among the top five in the aquatic feed industry.

The Company's high-quality fish and shrimp fry, and animal healthcare products for aquatic species are playing a leading role in the industry in respect of technology and market scale.

The Company is recognized as a Key National Leading Enterprise for Industrialization of Agriculture, a State-Level Enterprise Technology Center, and among top 500 Chinese manufacturing companies, Forbes "Top 50 Listed Companies in Asia" and Top 100 Chinese Listed Companies by Brand Value.

II. Material Changes of Major Assets

1. Material Changes of Major Assets

Major assets	Description
Equity assets	During the reporting period, the Company's equity assets increased by 14.47% from the beginning of the period, of which available-for-sale financial assets increased by 13.99%, mainly due to new and increased equity investments.
Fixed assets	During the reporting period, the Company's fixed assets increased by 21.13% from the beginning of the period, mainly because the Company's projects under construction were transferred to fixed assets after completion and being put into production in the year, the increase in purchase and construction of production equipment and the acquisition of equity interests of certain companies, resulting in an increase in the value of fixed assets.
Intangible assets	During the reporting period, the Company's intangible assets increased by 9.78% from the beginning of the period, mainly due to the new land and software use rights.
Construction in progress	During the reporting period, the construction in progress of the Company increased by 118.09% from the beginning of the period, mainly due to the addition of new plant and equipment investment in the newly established companies and companies in production that have not yet reached the scheduled usable status in the year.

2. Major Assets Overseas

☐ Applicable ☒ Not applicable

III. Analysis of Core Competitiveness

Whether the Company needs to comply with the disclosure requirements of specific industries

No

As the Company's products and services are centered on the needs of the animal production industry, the Company's core competitiveness is also comprehensively represented by a diversified and complete product configuration, outstanding single product advantage, comprehensive farming technology service capabilities, industrial layout and the ability to organize the development of the industrial chain-related links, as well as the delicacy management capability.

1. Diverse and complete product configuration

Centering on the animal farming chain, after many years of technological investment, transformation of research and development achievements, product accumulation, production layout, etc., the Company's product configuration has reached a relatively rich and complete state and covered the whole process of animal farming including feed, functional feed, seedlings, drugs, vaccines, biological products, etc. and it is still in development. Product configuration capability requires strong insights into customer demands, research and development organization capability, results conversion capability, investment in construction of production bases, processing organization capability, marketing promotion capability, and technical service capability.

The Company has rich technical research reserves and a research and development team composed of more than 1,000 members. It annually invests more than RMB 200 million in research and development and research and development personnel includes multi-disciplinary talents in the fields of animal nutrition, veterinary medicine, animal farming and genetic improvement, animal farming strategy optimization, bioengineering, biochemistry and machinery. The fast transformation of research and development results and clear and rapid implementation of investment supporting strategies contribute to the Company's strong product configuration capability.

For example, for feed formula technology, the Company, through more than 10 years of accumulation in continuous research and development, has established a huge database of animal nutrition requirements and

reserved a variety of raw material formula technologies. More than 1,000 sets of comparative experimental results are added to the database of core nutritional needs of animals and raw materials utilization to convert technologies into productivity. Therefore, the Company has a strong capacity in terms of organization and continuous optimization of product formulas and adaptation to changes. To quickly adjust the formula when the raw material prices fluctuate can ensure acquisition of cost competitive advantages.

The Company now has a marketing team consisting of more than 5,000 members who visit farms or farming sites to know the animal farming situation. Therefore, the Company has detailed data sources for terminal consumption habits, animal growth performance after feed utilization, animal farming strategy and animal farming needs, and can accurately grasp the demands of farmers and precisely propose technical requirements on product design to support full concentration of the Company's technical resources on customer's core needs.

2. Clear and excellent product power is the Company's most important competitive advantage

For all series of products, the Company is dedicated to creating product power that is significantly ahead of its competitors and has invested heavily in the explicit expression of product power.

Despite of a high price, high-end products have the obvious advantage of ultimate pursuit of animal survival rate, growth effects, and growth efficiency and have a prominent brand effect. On the basis of ensuring leading production efficiency, middle-end products are close to the competitors' product pricing and are pursuing outstanding cost performance. Therefore, in light of the industry's overall good farming benefits, the Company's customers, with the support of integrated products, can obtain significantly higher returns than those of the same type of farmers; in the event that the industry's farming benefits decline and even the entire industry suffers losses, the Company's customers can suffer from less or even no loss.

The manifestation of product power requires the support of various internal professional capabilities of the Company: the research and development capabilities of animal nutrition and raw material utilization, product formula technology capability, raw material value procurement capability, efficient internal operation capability are all indispensable. For example, in respect of support of value purchase capacity, the Company's purchase team has outstanding professional capabilities. The team is young and specialized, and it performs division of labor according to subdivided raw material categories. The wide industry perspective and a large amount of information acquisition and analysis ensure tracking, research, and judgment of the market trends of bulk raw materials at home and abroad in a real time way and utilization of futures instruments for hedging of bulk raw materials to effectively control the purchase price risk and position risk. The prominent purchase capability can identify numerous raw material purchase opportunities, making cost advantages for feed products and trade of raw materials possible. The Company is the first company to successfully achieve centralized purchase in the industry. It has obvious advantages in respect of large-scale purchases. Besides, it is sophisticated in the combined application of purchase tools including spot goods, futures and options, as well as flexible application methods. Forward value purchase and risk position management also help the Company to gain purchasing cost advantages.

Another example is the Company's ability to support efficient operations. By promoting the application of SAP, EPS and other management software, the Company has a strong information-based system, and internal operations are gradually becoming more streamlined, standardized, and more data-based. The role of data-based operation is to find out the efficient and energy-saving operation method by comparing the big data of branches; the role of process-based operation and standardization is to greatly improve the internal reproducibility. The highly efficient operation capability is an important support for the effective organization of professional production of various products.

3. Comprehensive animal farming technical services is an important initiative for the Company to coordinate product chain and continuously acquire new customers and improve customer's stickiness

In 2006, the Company took the lead in the industry to provide comprehensive technical services to farmers, and positioned the Company as a service-oriented enterprise and an enterprise that provides animal farming solutions to farmers. The Company provides farmers with full-process product and technical service support including "fry - stocking mode - environmental control - animal epidemic prevention - feed - market information" to ensure that farmers can use the most advanced farming technology to ensure farmers' growing success and profitability. The Company has a service team composed of more than 5,000 talents with the most experience and most passion in

the industry; it has also accumulated a variety of advanced animal farming models based on local characteristics; its hundreds of highly efficient service stations in farming concentrated areas throughout the country can simultaneously provide technical services for tens of thousands of farmers. The Company's relatively complete service system in the industry can give full play to its product force strengths and provides a full range of technical services for farming, which can effectively amplify the benefits for customers, thereby increasing the stickiness of customers.

The comprehensive animal farming technical services have become an important brand label of the Company and an important means for the Company to obtain customers and increase the stickiness of customers.

4. The Company's existing industrial layout advantage supports the Company to quickly organize the comprehensive development of multiple links in the industrial chain, reserve of new businesses in order, and the increasingly prominent industrial comprehensive advantages.

The Company's feed products include a full range of feed products such as livestock and poultry feed and aquatic feed. The product line is complete and the product mix features endow the company with a strong anti-risk capability. Different kinds of feed products have different technical contents, different gross profit margins, and different market characteristics and operational risks. The Company's product mix makes it possible for the Company to obtain higher gross profit margins than the industry's general level, and to better control the market operational risks caused by animal epidemic diseases and imbalance of supply and demand and ensures the Company's stable revenue from sales of feed products and maintain a rapid growth much higher than that of the industry.

Over the years, the Company has orderly developed high-quality aquatic animal seedlings, aquatic animal healthcare products, livestock and poultry vaccines, veterinary drugs, animal healthcare products for livestock and poultry, pig farming and other businesses and the core technologies in industrial chain have gradually gained advantages in terms of technology, industrial layout and industrial collaboration, thus fostering more new business growth points and profit growth points for the Company and laying a sound foundation for the Company to further amplify the multiplier effects of the industrial chain and create comparative competitive advantages.

5. Continuously building excellent operation management team and fine management capability

The Company has a hard-working, dedicated, professional and superb management team with a consistent philosophy. Most of the members of the team are graduated from agricultural institutions of higher learning and have a strong professional background. The management has a profound and comprehensive understanding of the feed industry and has accumulated rich practical experience and formed magnificent and unified visions and goals, strong industry insight, leadership and executive force, enabling them to adapt to the rapid changes in the feed industry and the Company's ever-increasing operational management requirements in terms of academic background, knowledge structure, industry experience and age.

In recent years, the industry is in an era of dramatic changes with tremendous changes in industry development, scale of farmers and needs of customers. Emerging industries including rural finance and "Internet+" model have also constantly impacted the industry. To promote the transformation and innovation of the industry and create corporate mechanism and culture, i.e. the collective learning capacity that can quickly respond to changes enabling the Company to continuously create value for customers, is the foundation for the Company to gain sustainable competitive advantages.

From producing aquafeed premixture to manufacturing compound feeds for various aquatic species including freshwater fish, marine fish, and shrimps, from having leading advantages in aquatic feeds at the beginning to gradually having apparent advantages extended to feed for livestock and poultry, from simple feed production operation to provision of comprehensive services including seedlings, animal healthcare and animal farming technical services for farmers, and from business operation only in Southern China to expansion to Central China, Eastern China, Northern China, Southeast Asia and South America, the Company has experienced the process of development from scratch to become stronger and larger and to rank the forefront of the industry, relying on the collective learning ability of the Company's management and all employees. Affected by this culture and benefits from this capacity, the Company keeps learning and growing.

Section IV. Discussion and Analysis of Operations

I. Overview

(I) Industry situation

2018 was a tough year for the feed industry. In the first half year, in a backdrop of industrial downturn, some big enterprises were challenged by the difficulties of weak growth and even declined sales and profits, in addition to SMEs suffering from operating difficulties; coupled with a tightened domestic monetary policy and financial deleveraging, an overwhelming number of enterprises faced the great pressure and risks from the shortage and rupture of fund and operating cash chain. In the second half year, the outbreak of the African Swine Fever (ASF) added fuel to flames, giving a big blow to the pig farming and feed industries; in addition, US-China trade friction resulted in multiple times of soar and slump in protein raw materials in China throughout the year, causing a surge in industrial risks. The feed industry stepped into a period of difficult survival.

(II) Different breeds and feed categories in the industry showed different trends and performances.

In the pig market, the farming cyclic downturn and the outbreak of the plague resulted in low pig prices and big decrease in livestock inventory. During the reporting period, pig farming and feed companies went from bad to worse and were still struggling at the end of the period. After the high-level sways in 2016 and the overall fall back in 2017, pig price kept going down all the way until below RMB10/kg in the middle of May 2018 when it gradually stabilized with a slight increase. From August 2018, the exogenous ASF started to attack China's pig farming market and spread quickly from the northern area to the whole country, sweeping major pig farming provinces and regions in China. The sustained effects of the plague coupled with the policy of pig transportation restrictions resulted in pervasive unsalable pigs and passive livestock inventory. Pig prices differentiated in production and sale areas, prices in many regions decreased further and kept going down with new lowest records, and farmers withdrew faster due to serious losses. Product sales of feed companies suffered from substantial decrease with the decrease of the livestock inventory. At the same time, they were challenged by farmers' withdrawal from farming due to big losses or the outbreak of the plague, frequent bad debts in feed sales, withdrawal of loans by financial institutions, requirement of upper-stream raw material companies for cash sales and industrial fund shortage.

In the poultry market, poultry feed showed a downturn at first followed by an upturn subsequently in the reporting period. Affected by the bird flu in the first half year of 2017 and the environmental demolition in the second half year, in the first half year of 2018, China's poultry inventory remained at a low level, poultry feed demand and sales declined, and coupled with the tight monetary policy and big fluctuations in raw material prices, the whole industry witnessed difficulties. Due to the short market supply of eggs and meat with substantial profits in poultry farming, there was a marked increase in poultry inventory in the second half year; poultry feed demand and sales recovered slightly, but small companies lacking product competitiveness struggled to tide over the difficulties.

In the aquatic product market, product prices were relatively higher at first followed by decreases all way down. The low prices throughout the year formed a stark contrast to the high prices in 2017; if viewed in detailed classification of aquatic species, special aquaculture performed better than bulk aquatic products. The positive trend of high prices in 2017 continued at the beginning of 2018. From January to April, the prices remained at a relatively higher level and farmers showed increasing enthusiasm for aquatic farming and substantially increased seeds and feed. However, in late April, bulk aquatic product (conventional freshwater cultured species such as grass carp, crucian and tilapia) prices slumped. Rapid shrink of profits and even losses from bulk aquatic product culture in many regions, and low prices and losses from culture continued until the end of the year without any recovery. Farmers' enthusiasm decreased and demand for general aquatic feed declined considerably. Special aquaculture product (which refers to the species with higher prices and with the large-scale culture started in recent years, such as bass, snakehead, Chinese perch and crayfish) prices remained stable in the first three quarters driven by the upgrading consumption of domestic people. The profits were quite impressive and the corresponding feed demand was robust. Affected by the sustained low prices of bulk aquatic products and pigs, some special aquaculture products saw a slump from the fourth quarter until the lowest point around the Spring

Festival in February 2019. It was not until March 2019 that the prices started to recover. During the reporting period, aquatic feed industry fell quickly to depression from the boom in 2017, facing great pressure.

(III) Impact of ASF on the industry and the Company's business strategies

The outbreak of the "African Swine Fever" (ASF) in 2018 will inevitably bring profound impact to domestic pig farming and feed industry and even the entire farming, feed, animal health and slaughtering industries. Before the production and introduction of effective vaccines against ASF, the plague may haunt for a long time and we all need to learn how co-exist with ASF".

ASF poses a direct and huge threat to pig farming and it is yet difficult to conclude how big the impact will be. In addition, the possibility of overturning and rebuilding the industry cannot be ruled out as at now. ASF has changed the core logic of pig farming from the previous orientation by cost-effectiveness to the focus on epidemic and biological prevention and control. No effective prevention and control model has been developed in the current stage. In the hardest hit regions, individual farmers, large pig farms and super large pig farming companies are impacted to the same extent. Prevention and control seems more difficult in super large pig farms and focus on epidemic prevention has become the core. Upon the change in the core logic of pig farming, significant changes will occur to other elements including investment schemes for pig farm building, production and operation models, profit models and farmers' structure, fattening models and farming areas.

The impact of ASF on feed industry is similarly huge and far-reaching. The big decrease in pig livestock inventory will be a destructive blow to small and medium feed companies mainly engaged in pig feed business and farmers' demand for feed companies will change more thoroughly and rapidly: 1. High quality feed: Feed prices are not important any more. Instead, the safety and ability to enhance pig immunity of feed are more important. Thus, big adjustment is expected in the R&D orientation of feed technology, with safety, health, immunization and resistance to diseases to become more straightforward demands; 2. Service: Feed companies should be able to help customers effectively enhance the capabilities of prevention and control. They should be able to provide customers with effective guidance and support in farming model, pig farm design, epidemic prevention and control and farming management; 3. Fund: Fund will be an inevitable challenge in the fight against ASF. Facing such high demands from farmers, most existing small and medium feed companies will surely withdraw from market competition.

We believe that the industrial impact of ASF is not fully clear yet. Lots of situations keep changing and the present judgment may change accordingly. In the stage of rapid changes in industrial impact factors, the Company must stick to its own development logic in the first place, maintain corporate strategic willpower and grasp core elements in its development; meanwhile, it should not miss any opportunity to expand rapidly on the basis of mature conditions.

The Company's development plan for pig farming was summarized as follows: 1. In 2018, the Company had 700,000 slaughter pigs, including about 200,000 self-supporting pigs and piglets and about 500,000 pigs (All were purchased from outside) raised in the "Company + Farmers" model. After the outbreak of ASF, all the Company's employees maximized efforts and stayed alerted to handle it with their optimum anti-epidemic plans and strictest anti-epidemic requirements. During the reporting period, the Company's slaughter pigs were not impacted and slaughter scale was consistent with the budget. 2. The Company rebuilt the sow farms under construction to meet new anti-epidemic requirements. In 2018, the Company started to build a number of sow farms. As ASF broke out before project operation, based on its own understanding of anti-epidemic and the data analysis of epidemic cases and successful anti-epidemic cases nationwide, the Company substantially modified the original design scheme to achieve the highest standard of anti-epidemic requirements. 3. The Company accelerated the completion of procedures for reserved land construction to get ready for the expansion of pig farm construction scale and accelerated progress of investment and construction. Currently, the Company has about 20,000 mu of reserved land for pig farming in Guangdong, Guangxi, Hunan, Hubei, Guizhou and Shandong, which may satisfy the capacity layout building for more than 200,000 sows (about 5 million pigs). At present, the Company suffers few losses from ASF due to the small capacity of its pig farms. Therefore, it does not have a heavy asset burden and has strong capabilities to expand capacity rapidly after the stabilization of the plague. Since the outbreak of ASF, the Company has suspended the launch of new pig farm construction. Meanwhile, it has sped up the completion of early-stage approval procedures for land construction and the reservation for pig farm construction and operating personnel, and continued to refine anti-epidemic plans for pig farms in an effort to ensure the adequate preparation

of various resources needed for construction. Once ASF stabilizes, the Company will expedite pig farm construction to achieve the established strategic goal.

ASF is both a huge challenge and a significant opportunity to the Company's feed business. 1. Consumption demands are expected to shift from pig to poultry and aquaculture, which will benefit the Company's poultry and aquatic feed businesses. It is expected that ASF will result in big decrease in pig livestock inventory and substantial increase in pig price and drive consumption towards poultry and aquaculture. The Company is expected to seize more market shares and gain high profits by virtue of its competitive advantages in poultry and aquatic feed over the years. But at the same time, the Company has to face competitors shifting from pig feed to poultry and aquatic feed. Thus, the Company must keep strengthening its competitive advantages in poultry and aquatic feed. 2. With the outbreak of ASF, farmers' demands for feed will undergo fundamental changes, providing an opportunity for companies with product competitiveness and service capabilities to fully demonstrate themselves. As a late-mover competitor of pig feed, the Company has been taking product R&D and service enhancement as the competitive core, persists in spending on product R&D and continues to develop service abilities targeting farmers. As a result, it is equipped with strong product development capabilities and service capabilities, and the huge changes in pig feed industry will be a precious opportunity to the Company. 3. The outbreak of ASF will inevitably accelerate the integration in feed industry, resulting in faster enhancement of industrial concentration. Big market space will be left as most small and medium feed companies are forced to leave the industry, and the Company will have an opportunity to overtake others at the turning in pig feed market.

(IV) Production and operation of the Company

In 2018, the Company achieved stable and sustainable growth. The business scale of animal feed, aquatic breeding, animal health products, animal husbandry and trade grew on all fronts. For 2018, the operating revenue amounted to RMB 42,157 million, up by 29.49% year-on-year, and the net income attributable to the shareholders of the Company reached RMB 1,437 million, representing a year-on-year increase of 19.06%.

1. Feed sales volume exceeded 10 million tons, marking a new milestone

During the reporting period, the Company's sales volume of feed reached 10.7 million tons, up by 26% year-on-year; sale revenue from feed reached RMB 34,965 million, up by 31.77% year-on-year. The sales volume of aquatic feed reached 3.11 million tons, up by 23% year-on-year. Marked optimization was seen in the structure of aquatic feed products. The sales volume of aquatic feed for the species including weever, snakehead, yellow catfish and golden pompano increased by nearly 40% year-on-year, with high growth maintained for years. The sales volume of feed for crawfish, the extremely popular products, rose by more than 100%. Crawfish is one of the fastest growing aquatic species in the market in recent years. The Company has spent on breeding, nutrition demands, culture technology and culture model with big potential for growth in the future. The sales volume of pig feed reached 2.32 million tons, up by 53% year-on-year, which was much higher than the industrial average level. With the establishment and refinement of the pig feed quality system, the R&D of new market was implemented and tailored to market demands. As a result, the pig feed product competence was further enhanced. Markets in core regions such as Guangdong and Hubei grew by over 30%. The sales volume in newly developed regions rose rapidly, and the word of mouth of new brands continued to increase, gaining recognition of farmers. The sales volume of poultry feed reached 5.27 million tons, up by 19% year-on-year. During the reporting period, while the sound growth of conventional advantaged products such as feed for egg-laying poultry and meat ducks was maintained, meat chicken feed grew by nearly 40% and goose feed advanced by leaps and bounds, becoming new growth points for the Company's poultry feed. The Company developed a model of pursuing perfection, scale and high efficiency for its poultry feed products in the southern region, which resulted in high market shares and substantial increase in profitability in some areas.

The gross profit margin of the Company's feed business was 11.04%, down by 0.52 percentage point year-on-year. It was mainly due to the depression of pig industry and compressed profits from pig feed; at the same time, farmers reduced the use of front-end feed with higher gross margins, resulting in the year-on-year decrease in the gross margin of the Company's pig feed. During the reporting period, while the Company's sales volume of pig feed increased by 53% year-on-year, the decreased gross margin of pig feed had a great impact on the overall gross margin of the feed business. In addition, in terms of bulk aquatic products, the gross margin of general aquatic feed declined slightly on a year-on-year basis because farmers lowered standards for the purchase and use of feed due to low fish prices. During the reporting period, the Company's gross margin of special aquatic feed

remained unchanged year-on-year, and that of poultry feed slightly rose due to the market recovery in the second half year and the Company's large-scale and highly efficient operation.

2. The animal health business generated operating revenue of RMB 473 million, up by 19.82% year-on-year with a gross profit margin of 47.32%.

The Company's animal health products include microecologics, vaccines and veterinary drugs for aquatic animals, livestock and poultry with a focus on aquatic health. Over years of development, the Company's aquatic health business has been equipped with a strong service system, favorable internal distribution channels, solid brand foundation and prominent advantages in the cost performance of core products. Driven by consumption upgrading and the increase in the size of high-end aquaculture market, the aquatic health market space will maintain stable growth. In 2018, the Company commenced the construction of aquatic health factories in Southeast Asia. The sales from aquatic health business in Southeast Asia will become a new highlight in growth in the future. The Company's livestock and poultry health is still in the early stage. As the capacity of livestock and poultry market is far bigger than that of aquatic health market and the Company has accumulated years' experience in the R&D in the industries of pig vaccines and veterinary drugs, it will have huge space for the support to its own business development and livestock and poultry feed development.

3. Seedlings, pig farming and poultry meat processing businesses grew on all fronts

During the reporting period, the Company's agricultural product business generated sales revenue of RMB 1,742 million, up by 44.37% year-on-year. The business mainly includes pig farming, aquaculture fry production, and poultry meat processing, which generated revenue of RMB 893 million, RMB 280 million and RMB 565 million, respectively.

The Company had 700,000 slaughter pigs, up by 52% year-on-year, including about 200,000 self-supporting pigs and piglets and about 500,000 pigs raised in the "Company + Farmers" model. In 2018, the Company formed a preliminary model for its pig farming segment in cost control, farming technology and human resource reserve. With the expansion of the Company's farming scale and increasingly mature farming service team, together with the establishment of the Company's farming technology research system and gradual implementation of the farming information-based system which effectively supported the refinement of the Company's farming system, the farming cost of "Company + Farmers" was cut down effectively step by step and the farming cost was controlled within RMB12/kg in the second half year. As at the end of the reporting period, the Company had more than 800 employees working in the pig farming segment, up by 80% year-on-year. The refinement of the farming system, the improvement of the farming technology and service staff's skills and the reserve of professionals can effectively support the subsequent rapid development of pig farming.

Aquatic fry mainly include shrimp and fish fry. In terms of shrimp breed, the Company has established a comprehensive system and formed a relatively controllable and standard management model from genetic improvement to propagation and reproduction. In particular, the Company has made great breakthroughs in white shrimp genetic selection, with advantages emerging in its self-developed strains. In terms of fish fry, the Company started the genetic selection and reproduction of special species including largemouth bass, snakehead, sea bass, grouper, mandarin fish and crawfish on the basis of continuing to reinforce the breeding R&D and organization of genetic selection programmes for the existing breeds including grass carp, crucian, beam, tilapia and yellow catfish. With breakthroughs in R&D, the special aquaculture will comprise industrial chain advantages together with the Company's special aquatic feed and animal health products to serve farmers.

Regarding the poultry meat processing business, in 2017, the Company set up meat duck slaughter and processing factories in Shandong, which generated operating revenue of RMB 149 million and RMB 565 million in 2017 and 2018, respectively. The business expansion was smooth. In addition to supporting the Company's feed business development, it further deepened the Company's understanding of slaughter, meat product processing and food businesses.

4. The trade business generated revenue of RMB 4,875 million, up by 11.97% year-on-year

The Company's trade business mainly includes the trade of raw materials of feed. The profit growth points are increased mainly through the direct conversion of the Company's purchase advantages of centralized purchase,

large-scale purchase and the combination of futures and spot goods into its trade advantages. In the first half year, trade scale declined year-on-year as the Company controlled the trade scale of raw materials due to big fluctuations in the price of such raw materials as beans and soybean meals resulting from US-China trade frictions and substantial increase in capital costs caused by the tight monetary policy in China. In the second half year, the Company's trade scale increased as the monetary policy was eased.

5. The Company continued to increase R&D spending, focused on the research in animal nutrition, reproduction and genetic improvement and farming model, created professional and differentiated terminal products, further enhanced product competence and built a technology-driven farming company

The Company is determined to become a world's first-class husbandry enterprise and the foundation lies in technological innovation and technology-driven. The Company has one research institute, three research centers and over ten R&D pilot bases, which are equipped with a team comprising 59 members with the PhD Degree and nearly 220 with the Master's Degree engaged in high-grade, precision and advanced R&D. They carry out research and development centering around all industrial chain links including breeding, anti-epidemic, farming to feed, covering pig, chicken, duck, fish, shrimp and other species. Based on the nutrition requirements and problems of cultured species in different farming stages, the "Database of Animal Nutrition Requirements" and the "Database of Raw Material Utilization" have been established through whole-cycle experiments in growth performance and farming. Over years of accumulation, the Company has reserved plentiful development and utilization technologies of new raw materials, application technologies of functional feed additives, formulas and synthetic methods of energy-efficient and eco-friendly feed for aquaculture, livestock and poultry, and disease prevention and control methods for aquaculture, livestock and poultry.

During the reporting period, the Company spent RMB 310 million on R&D, up by 21.76% year-on-year. Since establishment, the Company has persisted in increasing R&D spending to systematically establish the technology and specialization systems for breeding, anti-epidemic, nutrition and farming technology and enhance core product competitiveness. The sustained generous R&D spending guarantees the Company's leading industrial chain advantages in aquaculture breeding, feed, animal health and farming model and product competitiveness of pig and poultry feed in the market.

While conducting massive fundamental research, the Company gave even more focus on R&D application and the conversion of R&D achievements. During the reporting period, the Company's new products converted from R&D technologies included Miaojianle, a functional extruded feed for grass carp fingerling, crucian fingerling's functional feed targeting crucian gill hemorrhage, highly effective health care feed for raw-fish-free culture of large yellow croaker, and Danduobao, a functional feed for laying ducks. All the products have generated positive market effects and product profits.

II. Analysis of Principal Operations

1. Overview

Please see "I. Overview" under "Discussion and Analysis of Operations" for relevant information.

2. Revenue and cost

(1) Components of revenue

Unit: RMB

	2018		2017		Increase/decrease
	Amount	% of revenue	Amount	% of revenue	
Total operating revenue	42,156,628,800.11	100%	32,556,634,127.38	100%	29.49%
By industry					
Feed industry	40,415,026,750.36	95.87%	31,350,326,470.87	96.29%	28.91%

Farming industry	1,741,602,049.75	4.13%	1,206,307,656.51	3.71%	44.37%
By product					
Sales of feed	34,965,196,221.20	82.94%	26,534,947,550.95	81.50%	31.77%
Sales of animal healthcare products	473,324,165.98	1.12%	395,033,183.99	1.21%	19.82%
Sales of agricultural products	1,741,602,049.75	4.13%	1,206,307,656.51	3.71%	44.37%
Trading business	4,874,822,732.93	11.57%	4,353,761,813.66	13.37%	11.97%
Others	101,683,630.25	0.24%	66,583,922.27	0.21%	52.71%
By region					
Southern China	25,268,338,101.65	59.94%	21,435,646,148.66	65.84%	17.88%
Eastern China	5,944,635,932.64	14.10%	4,541,380,412.75	13.95%	30.90%
Northern China	13,048,253,974.37	30.95%	6,882,406,834.60	21.14%	89.59%
Central China	9,410,967,930.35	22.32%	7,668,641,426.51	23.55%	22.72%
Overseas	2,982,432,421.86	7.08%	2,418,687,862.14	7.43%	23.31%
Combined offset	-14,497,999,560.76	-34.39%	-10,390,128,557.28	-31.91%	39.54%

(2) Industries, products or regions accounting for over 10% of revenue or operating income of the Company

✓ Applicable □ Not applicable

Whether the Company needs to comply with the disclosure requirements of specific industries

No

Unit: RMB

	Revenue	Operating costs	Gross profit margin	Increase/decrease of revenue as compared to the corresponding period of the prior year	Increase/decrease of operating costs as compared to the corresponding period of the prior year	Increase/decrease of gross profit margin as compared to the corresponding period of the prior year
By industry						
Feed industry	40,415,026,750.36	36,112,759,842.52	10.65%	28.91%	29.34%	-0.29%
Farming industry	1,741,602,049.75	1,502,826,342.25	13.71%	44.37%	41.86%	1.53%
By product						
Sales of feed	34,965,196,221.20	31,106,349,787.96	11.04%	31.77%	32.55%	-0.52%
Sales of animal healthcare products	473,324,165.98	249,356,564.20	47.32%	19.82%	25.57%	-2.41%
Sales of agricultural products	1,741,602,049.75	1,502,826,342.25	13.71%	44.37%	41.86%	1.53%
Trading business	4,874,822,732.93	4,722,496,795.03	3.12%	11.97%	11.64%	0.28%
By region						
Southern China	25,268,338,101.65	22,447,917,297.37	11.16%	17.88%	18.41%	-0.40%
Eastern China	5,944,635,932.64	5,523,880,572.28	7.08%	30.90%	32.76%	-1.30%
Northern China	13,048,253,974.37	12,247,035,437.72	6.14%	89.59%	88.34%	0.62%
Central China	9,410,967,930.35	8,870,998,367.70	5.74%	22.72%	23.91%	-0.90%
Overseas	2,982,432,421.86	2,660,815,502.83	10.78%	23.31%	23.19%	0.09%

Under the circumstances that the statistics specification for the Company's principal operations data experienced adjustment in the reporting period, the principal operations data upon adjustment of the statistics specification at the end of the reporting period in the latest year

☐ Applicable ☒ Not applicable

(3) Whether revenue from sales in kind is higher than revenue from services

☒ Yes ☐ No

By industry	Item	Unit	2018	2017	Increase/decrease
Feed industry	Sales	10,000 tonnes	1,070.14	849.08	26.04%
	Production output	10,000 tonnes	1,065.37	855.89	24.34%
	Inventories	10,000 tonnes	12.59	17.36	-27.48%

Explanation on why the related data varied by more than 30%

☐ Applicable ☒ Not applicable

(4) Performance of material sales contracts of the Company during the reporting period

☐ Applicable ☒ Not applicable

(5) Composition of operating costs

By industry and product

Unit: RMB

By industry	Item	2018		2017		Increase/decrease
		Amount	% of operating costs	Amount	% of operating costs	
Feed industry	Material costs	34,607,873,095.71	95.83%	26,732,784,022.65	95.75%	29.46%
Feed industry	Labour costs	407,312,350.01	1.13%	312,782,570.85	1.12%	30.22%
Feed industry	Manufacturing expenses	983,253,333.82	2.72%	775,075,975.45	2.77%	26.86%
Feed industry	Others	114,321,062.98	0.32%	99,548,939.51	0.36%	14.84%
Total of feed industry		36,112,759,842.52	100.00%	27,920,191,508.46	100.00%	29.34%
Farming industry	Material costs	1,239,184,793.41	82.46%	881,166,875.53	83.18%	40.63%
Farming industry	Labour costs	174,088,889.20	11.58%	119,219,016.89	11.25%	46.02%
Farming industry	Manufacturing expenses	89,552,659.64	5.96%	59,001,291.54	5.57%	51.78%
Total of farming industry		1,502,826,342.25	100.00%	1,059,387,183.96	100.00%	41.86%

Unit: RMB

By product	Item	2018		2017		Increase/decrease
		Amount	% of operating costs	Amount	% of operating costs	
Sales of feed	Material costs	29,729,810,330.65	95.57%	22,399,293,007.64	95.45%	32.73%
Sales of feed	Labour costs	400,649,491.11	1.29%	305,549,069.49	1.30%	31.12%
Sales of feed	Manufacturing expenses	975,889,966.20	3.14%	763,651,378.57	3.25%	27.79%
Total sales of feed		31,106,349,787.96	100.00%	23,468,493,455.70	100.00%	32.55%

Sales of animal healthcare products	Material costs	235,330,337.68	94.38%	179,915,386.55	90.61%	30.80%
Sales of animal healthcare products	Labour costs	6,662,858.90	2.67%	7,233,501.36	3.64%	-7.89%
Sales of animal healthcare products	Manufacturing expenses	7,363,367.62	2.95%	11,424,596.88	5.75%	-35.55%
Total sales of animal health products		249,356,564.20	100.00%	198,573,484.79	100.00%	25.57%
Sales of agricultural products	Material costs	1,239,184,793.41	82.46%	881,166,875.53	83.18%	40.63%
Sales of agricultural products	Labour costs	174,088,889.20	11.58%	119,219,016.89	11.25%	46.02%
Sales of agricultural products	Manufacturing expenses	89,552,659.64	5.96%	59,001,291.54	5.57%	51.78%
Total sales of agricultural products		1,502,826,342.25	100.00%	1,059,387,183.96	100.00%	41.86%
Trading business	Material costs	4,642,732,427.38	98.31%	4,153,575,628.46	98.19%	11.78%
Trading business	Purchase expenses	79,764,367.65	1.69%	76,369,756.07	1.81%	4.44%
Total of trading business		4,722,496,795.03	100.00%	4,229,945,384.53	100.00%	11.64%
Others	Sales costs	34,556,695.33	100.00%	23,179,183.44	100.00%	49.09%

(6) Change of scope of consolidation during the reporting period

☒ Yes ☐ No

During the year, the scope of consolidation included 272 newly established subsidiaries. For details, please refer to the Note 7 "Interests in other entities" in XI "Financial Report". The scope of consolidation of the Company in this year increased by 45 and reduced by 1 as compared with the last year. For details, please refer to the Note 6 "Change in scope of consolidation" in XI "Financial Report".

(7) Significant change in or adjustment of the businesses, products or services of the Company during the reporting period

☐ Applicable ☒ Not applicable

(8) Sales to major customers and major suppliers

Sales to major customers of the Company

Total sales to top 5 customers (RMB)	1,357,908,873.12
Total sales to top 5 customers as a percentage of the total sales for the year	3.22%
Sales to top 5 customers who are related parties as a percentage of the total sales for the year	0.00%

Information on top 5 customers of the Company

No.	Name of customer	Sales (RMB)	As a percentage of the total sales for the year (%)
1	No. 1	722,522,520.28	1.71%
2	No. 2	176,209,755.80	0.42%
3	No. 3	172,598,491.90	0.41%
4	No. 4	159,257,793.99	0.38%
5	No. 5	127,320,311.15	0.30%
Total	--	1,357,908,873.12	3.22%

Other explanation of major customers

✓ Applicable ☐ Not applicable

The top five customers of the Company are mainly customers of the trading business. The top five customers have no related relationship with the Company. The Company's directors, supervisors, senior management, core technical personnel, shareholders holding more than 5% of shares, de facto controllers and other related parties do not have direct or indirect interest in the major customers. The top five customers accounted for 3.22% of total annual sales. The Company's sales revenue does not depend on single or top five customers.

Major suppliers of the Company

Total purchases from top 5 suppliers (RMB)	3,562,362,176.57
Total purchases from top 5 suppliers as a percentage of the total purchases for the year	9.00%
Total purchases from top 5 suppliers who are related parties as a percentage of the total purchases for the year	0.00%

Information on top 5 suppliers of the Company

No.	Name of supplier	Purchases (RMB)	As a percentage of the total purchases for the year (%)
1	No. 1	1,082,865,823.04	2.73%
2	No. 2	717,054,113.79	1.81%
3	No. 3	630,926,821.62	1.59%
4	No. 4	572,148,743.30	1.44%
5	No. 5	559,366,674.82	1.41%
Total	--	3,562,362,176.57	9.00%

Other explanation of major suppliers

✓ Applicable ☐ Not applicable

The top five suppliers of the Company have no related relationship with the Company. The Company's directors, supervisors, senior management, core technical personnel, shareholders holding more than 5% of shares, de facto controllers and other related parties do not have direct or indirect interest in the major suppliers. The top five suppliers accounted for 9.00% of total annual sales. The Company's sales revenue does not depend on single or top five suppliers.

3. Expenses

Unit: RMB

	2018	2017	Increase/decrease	Reasons for material changes
Selling and distribution expenses	1,377,926,458.68	1,070,474,010.85	28.72%	Mainly due to the expansion of the Company's operating scale, the increase in market development and

				promotional costs caused by new production capacity and new markets being put into operation and new products being put into the market, and the increase in sales service personnel and their salary
General and administrative expenses	967,112,552.40	793,314,667.24	21.91%	Mainly due to the expansion of the Company's operating scale, the increase in management personnel and their salary
Finance expenses	219,052,330.92	80,452,779.18	172.27%	Mainly due to the increase in interest expenses as a result of the increase in long-term and short-term borrowings and the interests thereon
Research and development expenditure	309,167,320.66	253,923,095.49	21.76%	Mainly due to a higher expense on R&D materials and higher salaries for the R&D personnel in a bid to enhance the research and development of new products and projects

4. Research and development expenditure

For further information, please refer to “I. Overview” in “Section IV. Discussion and Analysis of Operations”.

✓ Applicable □ Not applicable

Research and development expenditure of the Company

	2018	2017	Percentage change
Research and development headcount	1,200	1,089	10.19%
Ratio of research and development personnel	6.90%	7.19%	-0.29%
Research and development expenditure (RMB)	310,403,708.96	258,307,038.10	20.17%
Research and development expenditure to revenue	0.74%	0.79%	-0.05%
Capitalized amount of research and development expenditure (RMB)	5,396,408.67	9,066,389.79	-40.48%
Capitalized research and development expenditure to research and development expenditure	1.74%	3.51%	-1.77%

Reasons for significant change in total research and development expenditure to revenue

□ Applicable ✓ Not applicable

Reasons for significant change in capitalization rate of research and development expenditure and explanations thereon

□ Applicable ✓ Not applicable

5. Cash flows

Unit: RMB

Item	2018	2017	Increase/decrease
Subtotal of cash inflows from operating activities	42,570,025,344.23	33,674,711,087.06	26.42%

Subtotal of cash outflows from operating activities	41,534,261,337.90	33,180,489,631.21	25.18%
Net cash flows from operating activities	1,035,764,006.33	494,221,455.85	109.57%
Subtotal of cash inflows from investing activities	2,630,017,529.91	5,838,680,823.75	-54.96%
Subtotal of cash outflows from investing activities	4,635,569,493.87	6,910,126,307.27	-32.92%
Net cash flows from investing activities	-2,005,551,963.96	-1,071,445,483.52	-87.18%
Subtotal of cash inflows from financing activities	10,290,384,714.54	4,444,218,932.29	131.55%
Subtotal of cash outflows from financing activities	8,550,331,518.38	4,017,826,193.07	112.81%
Net cash flows from financing activities	1,740,053,196.16	426,392,739.22	308.09%
Net increase in cash and cash equivalents	783,892,200.49	-162,818,229.01	581.45%

Explanation on main effects of material changes

✓ Applicable □ Not applicable

1. Net cash flows from operating activities increased by 109.57% as compared to the corresponding period of the prior year mainly due to higher operating revenue and profits.
2. Net cash flows from investing activities decreased by 87.18% as compared to the corresponding period of the prior year mainly due to the expansion of the Company's scale and the increase in fixed asset investments.
3. Net cash flows from financing activities increased by 308.09% as compared to the corresponding period of the prior year mainly due to the increase in long-term and short-term borrowings during the reporting period.

Explanation on main reasons leading to the material difference between net cash flows from operating activities during the reporting period and net income for the year

✓ Applicable □ Not applicable

During the reporting period, the net cash flows from operating activities of the Company amounted to RMB 1,035.76 million, which was RMB 448.18 million less than the net income of RMB1,483.94 million. The difference was mainly due to the increase in stocking of raw materials.

III. Analysis of Non-Principal Operations

□ Applicable ✓ Not applicable

IV. Analysis of Assets and Liabilities

1. Material changes of asset items

Unit: RMB

	As at the end of 2018		As at the end of 2017		Percentage change	Description of major changes
	Amount	As a percentage of total assets	Amount	As a percentage of total assets		
Monetary assets	1,735,409,838.58	9.99%	1,392,046,440.33	10.58%	-0.59%	At the end of the period, the percentage in total assets decreased by 0.59%, flat with the end of the prior year; and the

						balance increased by 24.67% year-on-year, which was mainly due to the increase in the scale of the Company's operations, operating revenue and cash inflows.
Accounts receivable	1,096,136,255.70	6.31%	760,285,344.09	5.78%	0.53%	At the end of the period, the percentage in total assets increased by 0.53%, and the balance increased by 44.17% year-on-year, which was mainly due to the increase in the scale of the Company's operations and operating revenue.
Inventories	4,843,780,132.17	27.89%	3,383,848,292.19	25.71%	2.18%	At the end of the period, the percentage in total assets increased by 2.18%, and the balance increased by 43.14% year-on-year, which was mainly due to the increase in stocking of certain raw materials.
Investment properties	46,397,156.64	0.27%	78,309,684.87	0.60%	-0.33%	At the end of the period, the percentage in total assets decreased by 0.33%, and the balance decreased by 40.75% year-on-year, which was mainly due to the transfer of some leased-out properties to self-occupied fixed assets.
Long-term equity investments	38,614,535.85	0.22%	32,554,508.11	0.25%	-0.03%	At the end of the period, the percentage in total assets decreased by 0.03%, flat with the end of the prior year; and the balance increased by 18.62% year-on-year, which was mainly due to the profits of associates during the reporting period.
Property, plant and equipment	4,555,480,833.77	26.23%	3,760,863,514.36	28.58%	-2.35%	At the end of the period, the percentage in total assets decreased by 2.35%, and the balance increased by 21.13% year-on-year, which was mainly due to the production capacity expansion projects under construction being completed, put into production and converted into fixed assets.
Construction in progress	724,011,706.23	4.17%	331,973,573.26	2.52%	1.65%	At the end of the period, the percentage in total assets increased by 1.65%, and the balance increased by 118.09% year-on-year, which was mainly due to the increase in production capacity expansion projects under construction.
Short-term borrowings	2,715,954,867.69	15.64%	2,303,898,763.70	17.51%	-1.87%	At the end of the period, the percentage in total assets decreased by 1.87%, and the balance increased by 17.89% year-on-year, which was mainly due to the increase in short-term bank loans for more external investments.
Long-term borrowings	1,842,910,000.00	10.61%		0.00%	10.61%	At the end of the period, the percentage in total assets increased by 10.61%, which was mainly due to the proper increase in long-term bank loans in light of the adjusted monetary policy.
Goodwill	380,610,061.82	2.19%	294,540,631.48	2.24%	-0.05%	At the end of the period, the balance increased by 29.22% year-on-year, which was mainly due to the Company's acquisition of Feicheng Heruifeng and Weifang Xuheng. The percentage in total assets at the end of the period was flat with the end of the prior year.

Explanations on relevant data:

1. As at the end of the reporting period, the book value of inventories of the Company was RMB 4,843.78 million, which are mainly raw materials for production and trade, and merchandise inventories. Inventory falling price reserves of RMB 0.75 million have been sufficiently provided for certain inventory goods whose costs are lower than the net realizable value. The other inventory turnover is normal.
2. As at the end of the reporting period, the book value of fixed assets of the Company was RMB 4,555.48 million. Except that impairment provisions of RMB 0.29 million have been sufficiently provided for certain finance lease fixed assets whose recoverable amounts are lower than the book value, the other fixed assets are in normal use and there has been no significant change in profitability.
3. As at the end of the reporting period, the book value of goodwill of the Company was RMB 380.61 million, representing 4.63% of the net assets attributable to the shareholders of the Company. At the end of the period, after the Company allocates goodwill to the relevant asset group and uses the financial forecast data approved by the management as the benchmark to predict future cash flows, the Company discounts the goodwill at discounted rate and calculates the present value of future cash flows from the related asset group after the allocation of goodwill. Upon calculation, except that the present values of the future cash flows of the asset groups of Hunan Innovation Biotechnology Limited and Sichuan Hailinger Biopharmaceutical Co., Ltd., both subsidiaries of the Company, were less than their book values and provisions of RMB6.08 million for impairment of goodwill were made, the goodwill of other asset groups did not show signs of impairment.

2. Assets and liabilities measured at fair value

✓ Applicable ☐ Not applicable

Unit: RMB

Item	Opening balance	Profit or loss from change in fair value during the period	Cumulative fair value change charged to equity	Impairment provided during the period	Purchases during the period	Disposal during the period	Closing balance
Financial assets							
2. Derivative financial assets	9,601,140.00	40,071,452.73					49,672,592.73
Total of the above	9,601,140.00	40,071,452.73					49,672,592.73
Financial liabilities	18,771,309.55	-27,500,480.45					46,271,790.00

Whether there were any material changes on the measurement attributes of major assets of the Company during the reporting period

☐ Yes ✓ No

3. Restriction on asset rights as at the end of the reporting period

As at the end of the reporting period, the Company still had restricted assets of around RMB 7.24 million, which were mainly letter of credit deposits and land reclamation deposits.

V. Analysis of Investments

1. Overview

✓ Applicable ☐ Not applicable

Investments during the reporting period (RMB)	Investments during the corresponding period of prior year (RMB)	Change
1,232,329,580.75	694,684,513.00	77.39%

2. Material equity investments during the reporting period

☐ Applicable ✓ Not applicable

3. Material non-equity investments during the reporting period

☐ Applicable ☒ Not applicable

4. Financial assets measured at fair value

☒ Applicable ☐ Not applicable

Unit: RMB

Asset class	Initial investment cost	Profit or loss from change in fair value during the period	Cumulative fair value change charged to equity	Purchases during the period	Disposal during the period	Accumulative return on investment	Closing balance	Source of fund
Futures	9,601,140.00	-6,658,265.00					2,942,875.00	Owned funds
Derivative financial assets	0.00	46,729,717.73					46,729,717.73	Owned funds
Total	9,601,140.00	40,071,452.73	0.00	0.00	0.00	0.00	49,672,592.73	--

5. Use of proceeds

☐ Applicable ☒ Not applicable

The Company did not use any raised funds during the reporting period.

VI. Disposal of Material Assets and Equity Interest

1. Disposal of material assets

☐ Applicable ☒ Not applicable

The Company did not dispose of any material asset in the reporting period.

2. Disposal of material equity interest

☐ Applicable ☒ Not applicable

VII. Analysis of major subsidiaries and investees

☒ Applicable ☐ Not applicable

Major subsidiaries and investees accounting for over 10% of the net income of the Company

Unit: RMB

Name of company	Type of company	Principal activities	Registered capital	Total assets	Net assets	Revenue	Operating profit	Net income
Guangdong Hinder Biotechnology Group Co., Ltd.	Subsidiary	Production and sales of premixture	80,000,000	753,803,428.57	662,133,882.17	1,351,224,833.43	615,991,440.95	528,973,099.04
Qingyuan Haibei Bio-technology	Subsidiary	Production and sales of premixture,	1,000,000	464,399,057.92	274,557,320.71	807,451,166.85	315,121,532.89	269,224,335.12

gy Co., Ltd.		additives and micro-ecological products						

Description of major subsidiaries and investees

1. Guangdong Hinter Biotechnology Group Co., Ltd. is mainly engaged in feed premixture which are mainly sold to other internal branches and subsidiaries of the Company and other feed companies in the industry. The gross profit of the product is higher than that of the Company's compound feed products. During the reporting period, its revenue and profit were good and recorded a net income of RMB 529 million.

2. Qingyuan Haibei Bio-technology Co., Ltd. is mainly engaged in animal healthcare products and feed additives, which are mainly sold to internal feed companies, farmers and distributors. Its product gross margin is higher than that of the Company's compound feed products. During the reporting period, it recorded a net income of RMB 269 million.

Acquisition and disposal of subsidiaries during the reporting period

✓ Applicable ☐ Not applicable

Name of companies	Methods to acquire and dispose of subsidiaries during the reporting period	Impact on overall production and operation and results
Feicheng Heruifeng Agricultural Science and Technology Co., Ltd.	Business combination not under common control	No material effects on the results of the period
Weifang Xuheng Agricultural Science and Technology Co., Ltd.	Business combination not under common control	No material effects on the results of the period
Linyi Yitun Ecological Agriculture Co., Ltd.	Business combination not under common control	No material effects on the results of the period
Zoucheng Mulian Zhongxing Ecological Agriculture Technology Co., Ltd.	Business combination not under common control	No material effects on the results of the period
Jianong (Lianyungang) Husbandry Technology Co., Ltd.	Business combination not under common control	No material effects on the results of the period
Alaer Ruiliheng Biological Protein Co., Ltd.	Business combination not under common control	No material effects on the results of the period
Kembang Subur International Ltd.	Business combination not under common control	No material effects on the results of the period
Namduong Vietnam Aquatic Hatchery Co., Ltd.	Business combination not under common control	No material effects on the results of the period
Changzhou Gude Mold Technology Co., Ltd.	Disposal of equity interests	No material effects on the results of the period
Shaoguan Zhenjiang Yitun Ecological Agriculture Co., Ltd.	Newly established	No material effects on the results of the period
Shandong Yitun Ecological Agriculture Co., Ltd.	Newly established	No material effects on the results of the period
Qinzhou Yitun Ecological Agriculture Co., Ltd.	Newly established	No material effects on the results of the period
Guiding Yitun Ecological Agriculture Co., Ltd.	Newly established	No material effects on the results of the period
Binyang Heji Yitun Ecological Agriculture Co., Ltd.	Newly established	No material effects on the results of the period
Shaoyang Yitun Ecological Agriculture Co., Ltd.	Newly established	No material effects on the results of the period
Maoming Haihang Feed Co., Ltd.	Newly established	No material effects on the results of the period
Gansu Haid Feed Co., Ltd.	Newly established	No material effects on the results of the period
Weinan Haid Feed Co., Ltd.	Newly established	No material effects on the results of the period

Qingyuan Hailong Biotechnology Co., Ltd.	Newly established	No material effects on the results of the period
PT.HAIDA SURABAYA TRADING	Newly established	No material effects on the results of the period
Jinzhou Zhengyuan Grains Trading Co., Ltd.	Newly established	No material effects on the results of the period
Yingkou Fengmu Agricultural Development Co., Ltd.	Newly established	No material effects on the results of the period
Guangzhou Haiyou Trade Co., Ltd.	Newly established	No material effects on the results of the period
Ningbo Fengmu Agricultural Development Co., Ltd.	Newly established	No material effects on the results of the period
Yonglong Haid Co., Ltd.	Newly established	No material effects on the results of the period
Changzhou Hairong Aquatic Farming Service Specialized Cooperative Association	Newly established	No material effects on the results of the period
Jining Fengcheng Feed Co., Ltd.	Newly established	No material effects on the results of the period
Dong'e Dingxin Farming Service Co., Ltd.	Newly established	No material effects on the results of the period
Heze Haiding Ecological Farming Co., Ltd.	Newly established	No material effects on the results of the period
Qingyuan Hainong Agriculture and Animal Husbandry Co., Ltd.	Newly established	No material effects on the results of the period
Yichang Zhihai Feed Co., Ltd.	Newly established	No material effects on the results of the period
Meishan Haid Zhihai Feed Co., Ltd.	Newly established	No material effects on the results of the period
Liaocheng Daxin Feed Co., Ltd.	Newly established	No material effects on the results of the period
Nanning Haid Biological Technology Co., Ltd.	Newly established	No material effects on the results of the period
Ganzhou Hailong Feed Co., Ltd.	Newly established	No material effects on the results of the period
Yancheng Dachuan Feed Co., Ltd.	Newly established	No material effects on the results of the period
Guangdong Mutai Biological Technology Co., Ltd.	Newly established	No material effects on the results of the period
Guangzhou Haiyuan Micro-Credit Co., Ltd.	Newly established	No material effects on the results of the period
Guangdong Haid Biological Technology Co., Ltd.	Newly established	No material effects on the results of the period
Jiangmen Rongchuan Feed Co., Ltd.	Newly established	No material effects on the results of the period
Chongqing Zhihai Feed Co., Ltd.	Newly established	No material effects on the results of the period
Meizhou Haid Biological Technology Co., Ltd.	Newly established	No material effects on the results of the period
Yicheng Haid Biological Technology Co., Ltd.	Newly established	No material effects on the results of the period
Heshan Ronghai Feed Co., Ltd.	Newly established	No material effects on the results of the period
Hexian Haid Biologica Technology Co., Ltd.	Newly established	No material effects on the results of the period

Sheng Long Aqua Technology (M) SDN. BHD.	Newly established	No material effects on the results of the period

VIII. Structured Entities Controlled by the Company

☐ Applicable ☒ Not applicable

IX. Outlook on the Future Development of the Company

(I) Development status of the industry

According to the "13th Five-Year Development Plan for National Feed Industry" (2016-2020) (全国饲料工业“十三五”发展规划 (2016-2020)) issued by the Ministry of Agriculture, during the "13th Five-Year" period, as China's economic development has entered into a new normal, the farming industry has entered a new stage of production slowdown, structural optimization, quality upgrade, layout adjustment and industrial integration and the development of the feed industry faces many challenges in terms of market space, technological updating and industrial integration.

1. Feed demand is stable and the overall industry continues to grow

According to the development goals under the "13th Five -Year Development Plan for National Feed Industry" (2016-2020) (全国饲料工业“十三五”发展规划 (2016-2020)), the national industrial feed production is expected to reach 220 million tonnes in 2020. According to animal species, there are 94 million tonnes of pig feed , 60 million tonnes of feed for poultry for meat, 31 million tonnes of feed for poultry for eggs, 20 million tonnes of aquatic feed , 10 million tonnes of ruminant feed, 1.2 million tonnes of pet feed, and 3.8 million tonnes of other animal feeds. It is expected that the total amount of feed will increase by 20 million tonnes in the next five years, representing a growth rate of approximately 10%, and the annual average increase will be approximately 4 million tonnes, representing a growth rate of approximately 1.9%.

2. It is more apprent for technology to drive industry progress

In the differentiation and integrated development of the feed industry, technology has played an increasingly important role in the industrial competition. The global agricultural products are becoming more and more closely related. Weather conditions and trade frictions in certain regions will cause large fluctuations in the prices of agricultural products. Animal farming requirements, feed formula adjustments, and raw material substitution technologies are the core fields of feed technology competition. For other technologies, vigorous development of biological feed technology, continuous increase in the types and the continuous expansion of functions of feed microbes, enzyme preparations, etc. have shown tremendous potentials in promoting the reduction of the use of feed antibiotics and efficient utilization of feed resources, and will become new threshold of competition in the industry.

3. It is more urgent to conduct industrial integration

The growth of the total amount of feed has slowed down, and the competition among enterprises has been fierce. Leading enterprises have accelerated their investment in industries and foreign countries. The feed enterprises with strong overall strength have advantages in capital, management, technology, and talents. They will further accelerate the pace of entering the farming industry and building the entire industry chain in order to enhance sustainable development capability. The feed industry in emerging markets such as Southeast Asia, Northeast Asia, and Africa is in a rapid growth period, and the "going global" initiative is increasingly important for China's feed companies to expand their development space.

4. Seedlings and animal healthcare industries will rapidly grow in longer periods due to technological advancement and farming upgrades.

Focusing on the development of the farming industry, the development trend of the feed business also indicates to a large extent that the high-quality animal seedlings will have a huge development demand in the long term.

Strengthening animal health care is an important trend feature of future animal farming development. Product demand will grow rapidly.

(II) Prospects for the future development of the Company

The Company's development strategy is to become a leading high-tech farming and animal husbandry company with sustainable development capability in China. The Company's development is based on "creating value for customers". The Company will closely focus on the farming sector to provide farmers with comprehensive solutions, including feed, seedling, animal healthcare products and farming technology services, and meet other needs of farmers and distributors for financial services, etc. to effectively enhance the profitability of the Company's farmers and distributors and realize the win-win development of the Company and its customers.

The basic strategy for the development of the Company's industrial chain is to scale up on the basis of specialization and to extend the industrial chain based on core competitiveness. The Company will focus on feed products as its core business. At the same time, it will actively develop raw materials, animal healthcare products, seedling, farming, circulation, and food processing businesses, cultivate the Company's professional capabilities in the entire industry chain, and build its comprehensive core competitiveness in the industry chain.

(III) Possible risks

1. Risk of Periodical Fluctuations in the Feed Industry due to Abnormal Weather and Animal Epidemic Diseases during Animal Production

The feed industry mainly serves the downstream animal feeding industry. The abnormal changes in natural elements such as weather, precipitation and typhoon may lead to fluctuations of the inventory of livestock or aquatic products and even the large-scale outbreak of animal diseases. This thus affects the demand for feed and likely causes the risk of periodic and regional fluctuations of the latter. With the environmental changes and the expansion of animal production industry, animal epidemic diseases may also occur occasionally. For instance, the African swine fever virus broke out across China in August 2018. PRRSV-mediated pig disease, shrimp-relevant EMS epidemic disease and poultry-relevant "H7N9" disease all occurred recently. The outbreak of animal diseases will directly inhibit the scale of animal production and reduce the demand for feed in the short term; major animal epidemic diseases may also dampen the demand from end-consumers, leading to a downturn of the animal production industry, and further affect the feed demand, giving rise to adverse effects on the production and operation of feed enterprises.

Risk response measures: (1) The Company is currently fully deploying factories and developing local markets in major areas in Southern China, Central China, Eastern China and Northern China and overseas markets in Southeast Asia, etc. and the expansion of regional distribution can effectively cope with the risk of weather anomalies and natural disasters in local areas. (2) The Company's feed varieties cover pig feed, chicken feed, duck feed and other livestock feed and fish feed, shrimp feed and other aquatic feed. With a variety of products and a well-balanced structure, it can effectively deal with the risk of single breed species and has strong comprehensive anti-risk capability.

2. Risk of Drastic Price Fluctuations of Major Raw Materials

The feed ingredients are mainly various kinds of staple agricultural products, mainly corn and soybeans (soybean meal). In recent years, the domestic and international agricultural product markets have been closely linked. Changes in the planting area and harvest of major grain-producing countries, purchasing and storage and subsidy policies, import and export policies, fluctuations in logistics capacity and costs of shipping, exchange rates and others may cause great fluctuations in prices of agricultural products, which, in turn, has a certain impact on the cost of feed and farming. With the strengthening of the internationalization of trade of agricultural products, the factors for changes in the prices of agricultural products have become more complex and the price fluctuations have therefore increased. If raw material prices fluctuate and the Company fails to understand the changes in feed raw materials in a timely manner and promptly implement strategic management and risk control of procurement, the Company may face the risk of rising integrated procurement costs.

Risk response measures: (1) The Company divides raw material varieties and implements a combination of

centralized procurement of large varieties and local procurement of regional varieties, which not only guarantees the advantages of large-scale raw material procurement, but also obtains localization advantages from rapid response in respect of regional procurement; (2) The Company continuously invests in the construction of the raw material procurement research system. The team of the professional raw material information research department is relatively mature. It conducts strategic procurement through the real-time tracking, research and judgment of the domestic and foreign bulk raw material market trends, and implements position risk management for bulk raw materials through futures hedging, raw materials trade and other tools to effectively control procurement risks; (3) The Company has accumulated rich experience in research and development of animal nutrition and feed formula technologies, and has research and development team composed of over 1,000 members. Large amounts of funds are spent on research and development each year, focusing on animal nutrition requirements, feed formula technology, animal farming and genetic improvement, comprehensive investigation on healthy animal farming strategies, and other research areas. The Company has a profound understanding of animal nutritional requirements and higher level of expertise in comprehensive utilization of raw materials. Therefore, in case of raw material price fluctuations, it can quickly adjust the formula to control the reasonable feed nutrient level and formula costs.

3. Risk of Structural, Regional and Scale Adjustment to Farming Industry under Environmental Protection Regulations and Policies

In recent years, the State has introduced a series of environmental protection laws and regulations including the new Environmental Protection Law (环保法), the Regulations on Prevention and Control of Pollution from Large-Scale Production of Livestock and Poultry (畜禽规模养殖污染防治条例), Action Plan for Prevention and Treatment of Water Pollution (水污染防治行动计划), and the Guiding Opinions on Adjusting the Layout of Pig Production in the Southern Water Network Region (关于促进南方水网地区生猪养殖布局调整), the "13th Five-Year Plan" on Ecological and Environmental Protection (“十三五”生态环境保护规划), which stipulate the pollution prevention and control of animal production industry, increase the pollution control of animal production industry, and especially limit the production scale in the regions of key water sources and its surrounding areas. According to the regulations and policies of the central government, banned areas and restricted areas have been set up throughout the country, and pig farms in the banned areas in the southern water network area are gradually relocating. The implementation of environmental protection policies will speed up the withdrawal of private pig farming farmers, reduce the backward production capacity failing to meet environmental protection standards and with a small scale, and enable large -scale farmers to continuously expand their production capacity and improve the farming scale and structure; In addition, the establishment of banned areas and restricted areas will enforce adjustments to the pig production capacity in all places across the country. The adjustments to the scale composition of pig production and the relocation of pig production area will certainly have a profound impact on the existing capacity layout, market share, pricing power and business model of the feed industry. The impact of enforced environmental protection policies on the pig growing and feed industries puts existing competitive companies in the market at risk of reshuffle.

Risk response measures: (1) The Company continually improves its capability to serve farmers. In addition to feed products, the Company is also engaged in the industrial chain of animal healthcare products, vaccines and finance and has a strong stickiness to large-scale farmers; (2) The feed varieties of the Company cover livestock, poultry, and aquatic animals and the product line is abundant. The production lines for pig feed, chicken feed, duck feed and pelleted fish feed can be shared. The Company can rapidly shift the production layout and make adjustments to adapt to the changes in the industry by adjusting the production capacity in all places. (3) The Company adopts multiple models to speed up the production layout in areas with rich resources and strong environmental carrying capacity, and to seize the market share of new animal farming areas.

4. Risk of Exchange Rate Fluctuations

The global procurement of raw materials has become the norm. The scale of overseas investment and overseas operations of the Company is also rapidly expanding. The scale of cross-border fund settlement and the stock of overseas assets have grown substantially, involving the currency types of various related countries. Currency exchange rate fluctuations are subject to different influence factors, and exchange rate fluctuations in any currency may have a certain impact on the settlement cost and asset stock value of the region.

Risk response measures: (1) Based on the business scale, business model, and settlement characteristics in

different regions and countries, the Company strictly controls the exchange rate risks, carefully selects settlement currencies, and strives to achieve relatively balanced regional fund inflow and outflow through structural arrangements of financing sources and financing types; (2) The expansion of two-way fluctuations in the RMB exchange rate has become the new normal. The Company further enhances its awareness of foreign exchange risk management, and arranges settlement models based on the procurement and sales strategies and cycle characteristics of import and export operations. And forward foreign exchange settlement and sale, swaps, foreign exchange options and other financial instruments are flexibly used to lock the exchange rate risks, control procurement and sales costs, and control the possible risk brought about by exchange rate fluctuations.

X. Reception of Research Investigations, Communications and Interviews

1. Registration table of reception of research investigations, communications and interviews during the reporting period

✓ Applicable ☐ Not applicable

Reception time	Reception method	Reception object type	Index of basic information on research investigation
25 January 2018	Field research	Institution	For details, please refer to the Table of Investor Relations Activity Records of Guangdong Haid Group Co., Limited 2018-001) published on the website of www.cninfo.com.cn on 26 January 2018
14 May 2018	Field research	Institution	For details, please refer to the Table of Investor Relations Activity Records of Guangdong Haid Group Co., Limited 2018-002) published on the website of www.cninfo.com.cn on 15 May 2018
14 May 2018	Field research	Individual	For details, please refer to the Table of Investor Relations Activity Records of Guangdong Haid Group Co., Limited 2018-002) published on the website of www.cninfo.com.cn on 15 May 2018
29 August 2018	Field research	Institution	For details, please refer to the Table of Investor Relations Activity Records of Guangdong Haid Group Co., Limited 2018-003) published on the website of www.cninfo.com.cn on 31 August 2018
26 October 2018	Field research	Institution	For details, please refer to the Table of Investor Relations Activity Records of Guangdong Haid Group Co., Limited 2018-004) published on the website of www.cninfo.com.cn on 30 October 2018
14 November 2018	Field research	Institution	For details, please refer to the Table of Investor Relations Activity Records of Guangdong Haid Group Co., Limited 2018-005) published on the website of www.cninfo.com.cn on 16 November 2018

Section V. Material Matters

I. Profit Distribution for Ordinary Shares of the Company and Capitalization of Capital Reserves

Formulation, implementation or adjustment of profit distribution policy for ordinary shares, especially the cash dividend during the reporting period

✓ Applicable ☐ Not applicable

According to the Proposal on 2017 Profit Distribution Plan (《关于2017年度利润分配预案的议案》) as considered and approved at the 2017 annual general meeting convened on 17 May 2018, the distribution plan is as follows: Based on "the total number of shares on the registration date when the plan is implemented in the future", a cash dividend of RMB 2.50 (tax inclusive) was to be paid for every 10 shares. On 28 June 2018, dividend distribution was completed.

The Company's profit distribution policy, dividend distribution policy, dividend standards, and dividend ratios are well-defined and clear. Independent directors have duly performed their duties and functions. Minority shareholders have the opportunity to fully express their views and concern, which is in line with the Articles of Association and the requirements of the consideration procedures. The conditions and procedures for the adjustment or change of the profit distribution policy are compliant and transparent, and the legal rights and interests of small and medium investors are fully protected.

Particulars of Cash Dividend Policy	
Whether the policy is in compliance with the requirements of the Articles of Association or the resolutions passed at the general meeting;	Yes
Whether the basis and ratio of the distribution of dividends are well-defined and clear;	Yes
Whether the relevant decision making procedure and system are sound;	Yes
Whether the independent directors have duly performed their duties and functions;	Yes
Whether there are enough opportunities for minority shareholders to express their views and concerns, and whether their legal interests are sufficiently protected, etc;	Yes
Whether the conditions and procedures are legal and transparent in respect of cash dividend policy with adjustments and changes;	Not applicable

The dividend distribution plans for ordinary shares (proposed) and the proposals on capitalization of capital reserves (proposed) over the past three years (the reporting period inclusive)

1. 2016 annual dividend distribution plan of the Company

Based on the Company's total share capital of 1,575,965,054 shares, a cash dividend of RMB 3.00 (tax inclusive) per 10 shares was distributed and total cash dividend distributed amounted to RMB 472,798,516.20. The remaining undistributed profits were carried forward to the following year.

2. 2017 annual dividend distribution plan of the Company

Based on the Company's total share capital of 1,581,514,354 shares, a cash dividend of RMB 2.50 (tax inclusive) per 10 shares was distributed and total cash dividend distributed amounted to RMB 395,378,588.50. The remaining undistributed profits were carried forward to the following year.

3. 2018 annual dividend distribution plan of the Company

On 13 April 2019, the Proposal on 2018 Profit Distribution Plan (关于2018年度利润分配预案的议案) was considered and approved at the seventeenth meeting of the fourth session of the Board. The Company proposed to distribute RMB 3.00 (tax inclusive) per 10 shares based on "the total number of shares on the registration date when the plan is implemented in the future". The proposed total amount of dividend shall not exceed the profit of the company (parent company) available for distribution to shareholders as at 31 December 2018. The remaining undistributed profits will be carried forward to the following year.

Cash dividends for ordinary shares of the Company over the past three years (the reporting period inclusive)

Unit: RMB

Year of distribution	Amount of cash dividends (tax inclusive)	Net income attributable to ordinary shareholders of the Company in the consolidated financial statements during the year of distribution	As a percentage of net income attributable to ordinary shareholders of the Company in the consolidated financial statements	Amount of cash dividends distribution through other means (such as share repurchase)	As a percentage of net income attributable to ordinary shareholders of the Company in the consolidated financial statements	Total amount of cash dividends (including other means)	As a percentage of net income attributable to ordinary shareholders of the Company in the consolidated financial statements
2018 [Note]	474,390,280.20	1,437,281,732.28	33.01%	0.00	0.00%	474,390,280.20	33.01%
2017	395,378,588.50	1,207,225,209.35	32.75%	0.00	0.00%	395,378,588.50	32.75%
2016	472,798,516.20	855,810,234.81	55.25%	0.00	0.00%	472,798,516.20	55.25%

Note: According to the 2018 profit distribution plan of the Company as considered and approved at the 17th meeting of the 4th session of the Board of the Company: The Company proposed to distribute RMB 3.00 (tax inclusive) per 10 shares based on "the total number of shares on the registration date when the plan is implemented in the future". The proposed total amount of dividend shall not exceed the profit of the company (parent company) available for distribution to shareholders as at 31 December 2018. According to the Company's total share capital of 1,581,300,934.00 shares as at 13 April 2018, the Company's 2018 annual cash dividend is expected to be RMB 474,390,280.20.

The Company made a profit and had positive retained profit available for ordinary shareholders of parent company during the reporting period without cash dividend for ordinary shares being proposed

☐ Applicable ☒ Not applicable

II. Proposals on Profit Distribution and Capitalization of Capital Reserves During This Reporting Period

☒ Applicable ☐ Not applicable

Numbers of bonus share per 10 shares (share(s))	0
Dividend distribution per 10 shares (RMB) (tax inclusive)	3.00
Conversion per 10 shares (share(s))	0
Share base of the distribution proposal (shares)	Total number of shares on the registration date when the plan is implemented in the future
Amount of cash dividend (RMB) (tax inclusive)	474,390,280.20
Amount of cash dividends distribution through other means (such as share repurchase) (RMB)	0.00
Total amount of cash dividends (including other means) (RMB)	474,390,280.20
Distributable profits (RMB)	2,501,542,551.12
Percentage of total amount of cash dividends (including other means) to total incomes distribution	100%

Cash dividend policy
For profit distribution of companies which are fully developed with significant capital expenditure arrangement, the percentage for cash dividend shall represent at least 20% of the profits distribution for the current year
Particulars of profit distribution and capitalization of capital reserves
According to the audit report issued by GP Certified Public Accountants (SGP), the Company (parent company) achieved a net income of RMB 1,367,670,762.86 and made provision for statutory surplus reserves of RMB 136,767,076.29, without allocation to discretionary revenue reserve in 2018. As at 31 December 2018, the profit available for distribution to shareholders amounted to RMB 2,501,542,551.12. Based on the good operating conditions and profitability in 2018, as well as the Company's business scale and future growth, the legitimate demands of investors and continuous return to shareholders, the Company proposed to carry out the 2018 profit distribution on the premise of guaranteeing the Company's normal operations and long-term development: The Company proposed to distribute RMB 3.00 (tax inclusive) per 10 shares based on "the total number of shares on the registration date when the plan is implemented in the future". The proposed total amount of dividend shall not exceed the profit of the company (parent company) available for distribution to shareholders as at 31 December 2018. The remaining undistributed profits will be carried forward to the following year. Taking into account the needs for the business scale expansion and fast growth of the Company, based on the expectations and confidence regarding the Company's prospects, and in order to look after the shareholders' immediate and long-term interests in a better way on the premise of guaranteeing the Company's normal operations and long-term development, the Company put forward the above-mentioned profit distribution plan. The preparation of the above-mentioned profit distribution plan is in line with the Company Law and the Articles of Association, and the Dividend Distribution Plan of the Company for the Next Three Years (2016-2018) (《关于公司未来三年(2016-2018年)分红回报规划》). The distribution plan is legal, compliant and reasonable and in line with the Company's distribution policy. The independent directors of the Company expressed their independent opinions that the Company's 2018 profit distribution plan gives full consideration to the returns to investors and is in line with the actual situation of the company without any prejudice to the interests of shareholders, in particular minority shareholders. Therefore, they approved the 2018 profit distribution plan.

III. Performance of Undertakings

1. Undertakings made by parties involved in undertakings including the Company's beneficial controllers, shareholders, related parties, bidders and the Company during the reporting period or prior periods but subsisting to the end of the reporting period

✓ Applicable ☐ Not applicable

Undertaking	Party involved in undertaking	Type of undertaking	Details of undertaking	Undertaking date	Term	Particulars on the performance
Undertaking on shareholding structure reformation						
Undertaking made in offering documents or shareholding alternation documents						
Undertaking made during asset reconstruction						
Undertaking made on initial public offering or refinancing	Hua Xue	Undertaking on horizontal competition	1. Mr. Hua Xue guarantees no prejudice to the interests of Haid Group and its other shareholders by virtue of his capacity as the de facto controller. 2. Mr. Hua Xue guarantees that, as long as he serves as the de facto	27 November 2009	Long term	In strict performance

		n, related party transaction and capital occupation	controller of Haid Group, he and his wholly-owned subsidiaries, controlled subsidiaries and actually controlled companies (except Haid Group) will not engage in business activities that, directly or indirectly, compete with or constitute competitive threat to the principal businesses or major products of Haid Group in any form, including investment, acquisition or merger of companies, enterprises or other economic organizations the principal businesses or major products of which are the same with or similar to those of Haid Group.			
	Guangzhou Haihao Investment Co., Ltd.	Undertaking on horizontal competition, related party transaction and capital occupation	1. It guarantees no prejudice to the interests of Haid Group and other shareholders of Haid Group by virtue of its capacity as the controlling controller. 2. Guangzhou Haihao guarantees that, as long as it is the controlling shareholder of Haid Group, it and its wholly-owned subsidiaries, controlled subsidiaries (except Haid Group) and actually controlled companies will not engage in business activities that, directly or indirectly, compete with or constitute competitive threat to the principal businesses or major products of Haid Group in any form, including investment, acquisition or merger of companies, enterprises or other economic organizations the principal businesses or major products of which are the same with or similar to those of Haid Group.	27 November 2009	Long term	In strict performance
Equity incentive undertakings	Guangdong Haid Group Co., Limited	Other undertaking	The Company guarantees no provision loans or financial assistance in other forms to the incentive targets for acquisition of relevant interests under the Restricted Shares and Share Options Plan of Guangdong Haid Group Co., Limited (广东海大集团股份有限公司限制性股票及股票期权计划), including provision of guarantees for their loans.	4 March 2015	From 4 March 2015 to 3 March 2019	In strict performance
	Guangdong Haid Group Co., Limited	Other undertaking	The Company guarantees no provision of loans or financial assistance in other forms to the incentive targets for acquisition of relevant interests under the 2016 Restricted Shares Incentive Plan of Guangdong Haid Group Co., Limited (广东海大集团股份有限公司2016年限制性股票激励计划), including provision of guarantees for their loans.	15 February 2017	From 15 February 2017 to 23 March 2022	In strict performance
Other undertakings made to the Company's minority shareholders	Guangdong Haid Group Co., Limited	Dividend undertaking	Specific conditions, proportions and intervals of cash dividends: The following conditions shall be satisfied when the company makes distribution of cash dividends: (1) The profits and the accumulative distributable profit (i.e., tax after the Company makes up losses and make allocation to reserves) realized by the company in the year or half year is positive in value and the cash flow is sufficient. The distribution of cash dividend will not affect the Company's subsequent operations; (2) The auditor has issued a standard unqualified audit report on the Company's annual financial report (if the Company distributes the interim dividend, the auditor shall have issued a standard unqualified audit report on the Company's financial report for the previous year; (3) The Company has no plan on material external investment or major cash outlays within the next twelve months (except proceeds-financed investment projects). A major investment plan means that the accumulated expenditure of the Company to be used for external investment and purchase of assets or equipment within the next twelve months will reach or exceed 30% of the Company's latest audited net assets. (4) Other circumstances in which the Board considers it is not suitable for distribution of cash dividends. In compliance with the above conditions, the Company will, in principle, make a distribution of cash	18 April 2016	From 18 April 2016 to 17 April 2019	In strict performance

			dividend once a year. The Board of the Company may propose interim cash dividends based on the profitability of the Company when the relevant regulations allow. In principle, the Company's profits accumulated in cash every three years should not be less than 30% of the annual average distributable profit realized in the three years.			
	Hua Xue, Li Tian, Yingzhuo Xu, Xiaojun Shang, Chengping Lu, Xinchun Li, Erxuan Deng, Zhenxiong Qi, Jing Wang, Jia Chen, Mingzhong Chen, Xueqiao Qian, Shaolin Yang, Zhijian Huang	Undertaking on reduction of shareholding	In compliance with the laws and regulations governing shareholding reductions by directors, supervisors and senior management	27 November 2009	Long term	In strict performance
Whether undertakings performed on time	Yes					
Specific reasons why undertakings were not performed on time and next steps	Not applicable					

2. Description on the Company's assets and items in meeting original profit forecast and its explanation as there is profit forecast for assets and items of the Company and the reporting period is still within the profit forecast period

✓ Applicable ☐ Not applicable

Earnings forecast asset or project name	Forecast start time	Forecast end time	Expected results for the current period (RMB 0'000)	Actual results for the current period (RMB 0'000)	Reasons for failure to reach the forecast (if applicable)	Date of previous forecast disclosure	Index of previous forecast disclosure
Shandong Daxin Group Co., Ltd.	1 January 2017	31 December 2018	10,500	10,724.14	Not applicable	15 September 2017	For details, please refer to the Announcement on the Acquisition of Partial Equity Interests of Daxin Group and External Investment (《关于收购大信集团部分股权暨对外投资的公告》) (Announcement No. 2017-076) published in China Securities Journal, Securities Times, Securities Daily and on the website of http://www.cninfo.com.cn .

Undertaking of the Company's shareholders and counterparties on operating results in reporting year

☒ Applicable ☐ Not applicable

Jianbing Liu, Haibo Yu, Yuqin Wang, Xianlai Duan and Mingjun Yang (hereinafter referred to as "the undertaking party"), former shareholders of Shandong Daxin Group Co., Ltd. (formerly known as Shandong Daxin Group Co., Limited, hereinafter referred to as "Daxin Group"), the acquisition target of the Company, made undertakings on the net income (i.e., net income attributable to shareholders of the company, before or after the non-operating income and loss, whichever is lower; the case is the same below) to be realized in four full accounting years from 2017 to 2020:

(1) Daxin Group will achieve a net income of not less than RMB 50 million in 2017, the accumulated net income of not less than RMB 105 million in 2017 and 2018, the accumulated net income of not less than RMB 165 million in 2017 to 2019, and the accumulated net income of not less than RMB 230 million in 2017 to 2020.

(2) If the accumulated net income for the current year fails to reach the committed amount, the undertaking party shall pay the Company compensation = (accumulated net income for the current year - actual accumulated net income of the current year) / total committed amount of RMB 230 million * total transaction amount of RMB 298,776,000 – net compensation paid by the undertaking party to the Company. The accumulated compensation amount is limited to the total transaction price of the underlying assets. If the actual accumulated net income for any year during the results undertaking period is not less than the accumulated net income undertaken, the Company shall return all the compensation that has been paid by the undertaking party to the undertaking party.

(3) The undertaking party will increase shareholding in Haid Group through purchase of shares from the secondary market within 6 months after receipt of the second installment of payment for equity transfer with an amount of RMB 60 million. After Daxin Group's fulfillment of the annual results goals for 2017 and 2018 or payment of sufficient compensation in case of non-fulfillment of the goals, the undertaking party may release the lock-up for 50% of the above-mentioned shares additionally purchased; After Daxin Group's fulfillment of the annual results goals for 2017 to 2020 or payment of sufficient compensation in case of non-fulfillment of the goals, the undertaking party may release the lock-up for the remaining 50% of the above-mentioned shares.

Up to 29 June 2018, the undertaking party completed the shareholding increase of RMB 60 million and the lock-up thereof. According to the 2017 Audit Report of Shandong Daxin Group Co., Ltd. (山东大信集团有限公司2017年度审计报告) (Guang Kuai Shen Zi [2018] No. G17036521306) and the 2018 Audit Report of Shandong Daxin Group Co., Ltd. (山东大信集团有限公司2018年度审计报告) (Guang Kuai Shen Zi [2019] No. G18031440261) issued by GP Certified Public Accountants (Special General Partnership), Daxin Group's 2017-2018 audited net income attributable to shareholders of the company was RMB 121.40 million and the net income attributable to the shareholders of the company after excluding non-operating income or loss was RMB 107.24 million. The undertaking on results of 2017 and 2018 was fulfilled, and the undertaking party was thus allowed to unlock 50% of the above-mentioned increased shares.

IV. Appropriation of Funds of the Company by the Controlling Shareholder and Its Related Parties for Non-Operating Purposes

☐ Applicable ☒ Not applicable

There was no appropriation of funds of the Company by the controlling shareholder and its related parties for non-operating purposes during the reporting period.

V. Opinions of the Board, the Supervisory Committee and Independent Directors (If Any) Regarding the "Modified Audit Report" for the Reporting Period Issued by the Accountants

☐ Applicable ☒ Not applicable

VI. Reason for Changes in Accounting Policies, Accounting Estimates and Accounting Methods as Compared to the Financial Report for the Prior Year

✓ Applicable □ Not applicable

(1) Change in accounting policies

The Ministry of Finance issued on 15 June 2018 the "Notice on Revision and Issuance of the Format of General Corporate Financial Statements for 2018" (关于修订印发2018年度一般企业财务报表格式的通知) Cai Kuai [2018] No. 15, combining certain balance sheet items and splitting certain income statement items; and issued on 7 September 2018 the "Interpretations Regarding the Format of General Corporate Financial Statements for 2018" (关于2018年度一般企业财务报表格式有关问题的解读), asking for adjustments to the comparative data of the comparable periods.

The Company has prepared its financial statements as per the said latest requirements on the format of the corporate financial statements. Where any financial statement item is changed, the comparative figure of the comparable period is also adjusted accordingly as per the Accounting Standards for Enterprises No. 30 – Presentation of Financial Statements (企业会计准则第30号——财务报表列报) and other applicable rules.

The following table presents the effects of the above-mentioned accounting policy changes on the consolidated financial statement items and amounts as at 31 December 2017 (or of the year then ended):

Item affected	Before the adjustment	After the adjustment	After the adjustment
Notes receivable	19,209,112.07	-19,209,112.07	-
Accounts receivable	760,285,344.09	-760,285,344.09	-
Notes and accounts receivable	-	779,494,456.16	779,494,456.16
Interest receivable	1,802,621.51	-1,802,621.51	-
Dividends receivable	-	-	-
Other receivables	360,198,872.96	1,802,621.51	362,001,494.47
Notes payable	-	-	-
Accounts payable	1,228,192,300.58	-1,228,192,300.58	-
Notes and accounts payable	-	1,228,192,300.58	1,228,192,300.58
Interest payable	5,188,104.75	-5,188,104.75	-
Dividends payable	8,880,810.40	-8,880,810.40	-
Other payables	550,146,036.68	14,068,915.15	564,214,951.83
Administrative expense	1,047,237,762.73	-253,923,095.49	793,314,667.24
Research and development expenditure	-	253,923,095.49	253,923,095.49
Other income	41,395,359.88	1,259,316.26	42,654,676.14
Non-operating gain	28,416,521.26	-1,259,316.26	27,157,205.00

The following table presents the effects of the above-mentioned accounting policy changes on the parent company's financial statement items and amounts as at 31 December 2017 (or of the year then ended):

Item affected	Before the adjustment	After the adjustment	After the adjustment
Interest receivable	964,410.93	-964,410.93	-
Dividends receivable	35,271,940.95	-35,271,940.95	-
Other receivables	5,186,480,721.39	36,236,351.88	5,222,717,073.27
Notes payable	-	-	-

Accounts payable	3,841,782.78	-3,841,782.78	-
Notes and accounts payable	-	3,841,782.78	3,841,782.78
Interest payable	4,568,756.23	-4,568,756.23	-
Dividends payable	3,841,961.69	-3,841,961.69	-
Other payables	2,192,507,455.76	8,410,717.92	2,200,918,173.68
Administrative expense	316,375,501.94	- 85,463,563.72	230,911,938.22
Research and development expenditure	-	85,463,563.72	85,463,563.72
Other income	14,689,716.12	603,237.16	15,292,953.28
Non-operating gain	8,993,035.99	-603,237.16	8,389,798.83

Apart from the above-mentioned changes in accounting policies, there was no other change in accounting policies of the Company in the year.

(2) Change in significant accounting estimates

In the year, there was no change in the major accounting estimates of the Company.

VII. Reason for Retrospective Restatement to Correct Major Accounting Errors During the Reporting Period

☐ Applicable ☒ Not applicable

During the reporting period, there was no major accounting error which shall be subject to retrospective restatement.

VIII. Reason for Changes in Scope of the Consolidated Financial Statements as Compared to the Financial Report for the Prior Year

☒ Applicable ☐ Not applicable

In the year, a total of 272 subsidiaries were included in the scope of the consolidated financial statements of the Company. For details, please refer to Note VII "Equity in other entities" in XI "Financial Report". The scope of consolidation of the Company during the year had 45 more companies included and 1 company excluded compared to the prior year. For details, please refer to Note VI "Changes in the scope of consolidation" in XI "Financial Report".

IX. Engagement or Dismissal of Accounting Firms

Current accounting firm engaged

Name of the domestic accounting firm	GP Certified Public Accountants (SGP)
Remuneration of the domestic accounting firm (RMB '0,000)	360
Continued term of service of the domestic accounting firm	13
Name of certified public accountants of the domestic accounting firm	Hongfei Xian, Shuxia Zhang
Continued term of service of certified public accountants of the domestic accounting firm	Hongfei Xian 5 years, Shuxia Zhang 1 year
Name of the overseas accounting firm (if any)	Not applicable
Remuneration of the overseas accounting firm (RMB '0,000) (if any)	0
Continued term of service of the overseas accounting firm (if any)	Not applicable
Name of certified public accountants of the overseas accounting firm (if any)	Not applicable
Continued term of service of certified public accountants of the overseas accounting firm (if any)	Not applicable

Whether to appoint another accounting firm during the current period

☐ Yes ☒ No

Particulars on recruitment of accounting firms, financial consultants or sponsors for internal control and auditing purposes

☐ Applicable ☒ Not applicable

X. Suspension in Trading or Delisting Upon Publication of Annual Report

☐ Applicable ☒ Not applicable

XI. Matters Related to Bankruptcy and Reorganisation

☐ Applicable ☒ Not applicable

There was no matter related to bankruptcy and reorganisation during the reporting period.

XII. Material Litigation and Arbitration

☐ Applicable ☒ Not applicable

During the reporting period, the Company was not involved in any material litigation and arbitration.

XIII. Punishment and Rectification

☐ Applicable ☒ Not applicable

There was no punishment and rectification of the Company during the reporting period.

XIV. Credibility of the Company, Its Controlling Shareholders and Beneficial Controllers

☐ Applicable ☒ Not applicable

XV. Implementation of the Equity Incentive Plan, Employee Shareholding Plan or Other Employee Incentive Measures of the Company

☒ Applicable ☐ Not applicable

(I) Restricted Shares and Share Option Incentive Plan

1. Decision-making procedures and approval

(1) On 3 March 2015, the Company convened the 2015 first non-operating general meeting to consider and approve, by way of special resolutions, the Restricted Shares and Share Option Incentive Plan of Guangdong Haid Group Co., Limited (广东海大集团股份有限公司限制性股票与股票期权激励计划) and its summary (hereinafter referred to as "Restricted Shares and Share Option Incentive Plan"), the Proposal Regarding the Measures for Implementation and Assessment of the Restricted Shares and Share Option Incentive Plan of Guangdong Haid Group Co., Limited (《关于<广东海大集团股份有限公司限制性股票与股票期权激励计划实施考核管理办法>的议案》), the Proposal Regarding Authorisation of the Board of Directors at the General Meeting to Handle Matters Related to the Restricted Shares and Share Option Incentive Plan (《关于股东大会授权董事会办理公司限制性股票与股票期权激励计划相关事宜的议案》) and other proposals.

(2) On 4 March 4 2015, the Company convened the thirteenth meeting of third session of the Board to consider and approve the Proposal Regarding Grant of Restricted Shares and Share Options to the Targets of the Restricted Shares and Share Option Incentive Plan of Guangdong Haid Group Co., Limited (《关于向<广东海大集团股份有限公司限制性股票与股票期权激励计划>激励对象授予限制性股票与股票期权的议案》), pursuant to which the Company granted 14,395,000 restricted shares to 168 targets of restricted shares incentives at the price of

RMB 5.64 per share; 10,425,000 share options to 291 targets of share option incentives at the exercise price of RMB 11.41 per share with the grant date of 4 March 2015. The source of the underlying shares of the restricted shares and share options under the plan were the RMB denominated ordinary shares issued by the Company to the incentive targets by way of private placement. On 20 March 2015, the Company completed registration for grant of the above-mentioned restricted shares and share options.

2. Implementation during the reporting period

(1) The third unlocking/exercise period of Restricted Shares and Share Option Incentive Plan

1) On 19 April 2018, the Company convened the twelfth meeting of the fourth session of the Board to consider and approve the Proposal on the Satisfaction of the Unlocking/Exercise Conditions of the Share Option Incentive Plan (《关于股权激励计划符合解锁/行权条件的议案》). The Board was of the view that the restricted shares/share options held by incentive targets had satisfied the unlocking/exercise conditions of the third unlocking/exercise period of the Restricted Shares and Share Option Incentive Plan (《限制性股票与股票期权激励计划》) and thus approved the unlocking of restricted shares/exercise of share options in the third unlocking/exercise period of the Restricted Shares and Share Option Incentive Plan (《限制性股票与股票期权激励计划》). In the third unlocking/exercise period of the Restricted Shares and Share Option Incentive Plan (《限制性股票与股票期权激励计划》), the number of restricted shares available for listing and trading was 5,362,700 shares and the number of exercisable options was 3,607,800. The exercise term was from 11 May 2018 to 1 March 2019.

2) From 11 May to 31 December 2018, the option incentive targets chose to exercise 3,530,850 options in the third exercise period of the Restricted Shares and Share Option Incentive Plan (《限制性股票与股票期权激励计划》), of which 3,517,950 shares were added to the share capital during the reporting period, while 12,900 options were exercised but not yet registered.

(2) Repurchase for cancellation for Restricted Shares and Share Option Incentive Plan

On 19 April 2018, the Company convened the twelfth meeting of the fourth session of the Board to consider and approve the Proposal on Adjustments to Relevant Matters of the Stock Incentive Plan of the Company and Cancellation of Certain Share Options (《关于调整公司股权激励计划相关事项及注销部分股票期权的议案》) and the Proposal Regarding Repurchase of Certain Restricted Shares for Cancellation (《关于回购注销部分限制性股票的议案》). In respect of the Restricted Shares and Share Option Incentive Plan (限制性股票与股票期权激励计划) of the Company, due to demission, death caused by illness or unaccepted individual performance appraisal results of certain incentive targets, the number of incentive targets of the Company was adjusted to 381, the number of restricted shares which had been granted but not unlocked was adjusted to 5,362,700 shares and the number of restricted shares which had been granted and were subject to repurchase for cancellation was 21,700 shares. The repurchase price was RMB 3.31 per share; the number of share options which had been granted but not exercised was 3,607,800, the number of share options which had been granted and was subject to cancellation was 12,600. On 19 June 2018, the Company completed cancellation for the above-mentioned share options and the purchase for cancellation for the above-mentioned restricted shares.

3. Incentive targets' exercise of interests during the reporting period and interests accumulatively granted but not yet exercised as at the end of the reporting period

During the reporting period, the number of options exercised in the third exercise period of restricted shares and share option incentive plan was 3,517,950; the number of cancelled share options in the third exercise period was 12,600, and the number of restricted shares which had been repurchased for cancellation was 21,700.

As at the end of the reporting period, the unexercised share options under the Restricted Shares and Share Option Incentive Plan were 76,950.

(II) 2016 Restricted Share Incentive Plan

1. Decision-making procedures and approval

1) On 15 February 2017, the Company convened the 2017 first non-operating general meeting to consider and approve the 2016 Restricted Share Incentive Plan of Guangdong Haid Group Co., Limited (Revision) (广东海大集团股份有限公司2016年限制性股票激励计划(修订稿)) and its summary (hereinafter referred to as "2016 Restricted Share Incentive Plan") and the Proposal Regarding Authorisation of the Board of Directors at the General Meeting to Handle Matters Related to the 2016 Restricted Share Incentive Plan (《关于提请股东大会授权董事会办理公司2016年限制性股票激励计划相关事宜的议案》) and related resolutions, pursuant to which the Company was approved to issue no more than 46 million restricted shares to incentive targets by way of private placement of which 41,601,300 shares would be first granted to 1,484 incentive targets at the grant price of RMB 7.48 per share, and 4,398,700 restricted shares would be reserved.

2) On 13 March 2017, the Company convened the sixth meeting of the fourth session of the Board to consider and approve the Proposal on Adjustment to the Number of Interests under the 2016 Restricted Share Incentive Plan of the Company (《关于调整公司2016年限制性股票激励计划权益数量的议案》), pursuant to which the number of incentive targets of first grant was changed from 1,484 into 1,373 and the restricted shares not granted yet were adjusted from 41,601,300 shares to 40,283,200 shares.

3) On 13 March 2017, the Company convened the sixth meeting of the fourth session of the Board to consider and approve the Proposal on Grant of Restricted Shares to Incentive Targets under the 2016 Restricted Share Incentive Plan of the Company (《关于向公司2016年限制性股票激励计划激励对象授予限制性股票的议案》), pursuant to which the Company was approved to grant 40,283,200 shares to 1,373 incentive targets for the first time with 13 March 2017 as the first grant date and the grant price of RMB 7.48 per share. On 20 March 2017, the Company completed the registration of grant of all the above-mentioned restricted shares.

4) On 27 October 2017, the Company convened the tenth meeting of the four session of the Board to consider and approve the Proposal Regarding Adjustments to the Matters Related to the Equity Incentive Plan and Cancellation of Certain Restricted Shares (《关于调整公司股权激励计划相关事项及注销部分股票期权的议案》) and the Proposal Regarding Repurchase of Certain Restricted Shares for Cancellation (《关于回购注销部分限制性股票的议案》), pursuant to which the Company was approved to repurchase the 618,800 unlocked restricted shares which had been granted to the certain incentive targets who have resigned or terminated the labor contract for cancellation, the number of incentive targets of the first grant was adjusted to 1,336 and the repurchase price of restricted shares was adjusted to RMB 7.18 per share. On 28 December 2017, the Company completes the repurchase for cancellation for all the above-mentioned restricted shares and the cancellation for all the above-mentioned share options.

5) On 8 December 2017, the Company convened the eleventh meeting of the fourth session of the Board to consider and approve the Proposal Regarding the Grant of Reserved Restricted Shares to Incentive Targets under the 2016 Restricted Share Incentive Plan of the Company (《关于向公司2016年限制性股票激励计划激励对象授予预留限制性股票的议案》), pursuant to which the Company was approved to grant 4,398,700 reserved restricted shares to 399 incentive targets with the grant price of RMB 10.44 per share and 8 December 2017 as the grant date. Upon audit and confirmation by the Shenzhen Stock Exchange and Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, the Company completed the registration for grant of reserved restricted shares to 360 incentive targets. 4,308,000 reserved restricted shares were granted and the listing date of the restricted shares would be 24 January 2018.

2. Implementation during the reporting period

(1) The first unlocking/exercise period of the 2016 Restricted Share Incentive Plan

On 19 April 2018, the Company convened the twelfth meeting of the fourth session of the Board to consider and approve the Proposal on the Satisfaction of the Unlocking/Exercise Conditions of the Restricted Share Incentive Plan (《关于股权激励计划符合解锁/行权条件的议案》). The Board was of the view that the restricted shares first granted to incentive targets under the 2016 Restricted Share Incentive Plan (《2016年限制性股票激励计划》) had satisfied the unlocking conditions of the first unlocking period and thus approved the unlocking of restricted shares in the first unlocking period of the 2016 Restricted Share Incentive Plan (《2016年限制性股票激励计划》). In the first unlocking period of the 2016 Restricted Share Incentive Plan (《2016年限制性股票激励计划》), the

number of restricted shares available for listing and trading was 7,837,500.

(2) Repurchase for cancellation for the 2016 Restricted Share Incentive Plan

On 19 April 2018, the Company convened the twelfth meeting of the fourth session of the Board to consider and approve the Proposal on Adjustments to Relevant Matters of the Stock Incentive Plan of the Company and Cancellation of Certain Share Options (《关于调整公司股权激励计划相关事项及注销部分股票期权的议案》) and the Proposal Regarding Repurchase of Certain Restricted Shares for Cancellation (《关于回购注销部分限制性股票的议案》). In respect of the 2016 Restricted Share Incentive Plan (《2016年限制性股票激励计划》) of the Company, due to demission, violation of professional ethics or damage of the Company's interests of certain incentive targets, the number of restricted shares which had been first granted but not unlocked was adjusted to 39,153,500 shares and the number of restricted shares which had been granted and were subject to repurchase for cancellation was 510,900 shares with a repurchase price of RMB 7.18 per share. The number of restricted shares which had been reserved and granted but not unlocked was 4,259,800, and the number of restricted shares which had been granted and was subject to repurchase for cancellation was 48,200 with a repurchase price of RMB 10.44 per share. On 5 June 2018, the Company completed the repurchase for cancellation of the above-mentioned restricted shares.

On 24 October 2018, the Company convened the sixteenth meeting of the fourth session of the Board to consider and approve the Proposal on the Adjustment to the Repurchase Price of the Stock Incentive Plan (《关于调整股权激励计划回购价格的议案》) and the Proposal Regarding Repurchase of Certain Restricted Shares for Cancellation (《关于回购注销部分限制性股票的议案》). Due to the implementation of the Company's 2017 annual equity distribution, as well as the dismissal, disqualification or termination of employment of 63 restricted share incentive targets and 19 reserved restricted share incentive targets in the first grant, the Company was approved to adjust the repurchase price of the first granted restricted shares under the 2016 Restricted Share Incentive Plan (Revised) (《2016年限制性股票激励计划(修订稿)》) to RMB 6.93 per share, adjust the repurchase price of the reserved restricted shares to RMB 10.19 per share, and repurchase for cancellation the 1,093,120 restricted shares and the 178,000 reserved restricted shares of the above-mentioned incentive targets which had been first granted but failed to satisfy the unlocking conditions. And the Proposal Regarding Repurchase of Certain Restricted Shares for Cancellation (《关于回购注销部分限制性股票的议案》) has been approved at the first extraordinary general meeting of 2018.

3. Incentive targets' exercise of interests during the reporting period and interests accumulatively granted but not yet exercised as at the end of the reporting period

As at the end of the reporting period, the number of restricted shares which had been granted but not unlocked under the 2016 Restricted Share Incentive Plan was 36,447,514 shares.

In summary, during the reporting period, due to implementation of the Restricted Shares and Share Option Incentive Plan (限制性股票与股票期权激励计划) and the 2016 Restricted Share Incentive Plan (2016年限制性股票激励计划), the Company accumulatively granted 4,308,000 restricted shares and 3,607,800 options to incentive targets; the Company repurchased a total of 1,851,920 restricted shares for cancellation and cancelled an aggregate of 12,600 share options. As at the end of the reporting period, the Company had granted a total of 36,447,514 restricted shares which had not been unlocked and 76,950 share options which had not been exercised.

(III) Explanations for other circumstances due to the implementation of the Restricted Shares and Share Option Incentive Plan (限制性股票与股票期权激励计划) and 2016 Restricted Share Incentive Plan (2016年限制性股票激励计划) during the reporting period

1. For information on grant of interests to and exercise of interests by directors and senior management, please refer to I. 2 "Changes in restricted shares" under section VI in this report.

2. Explanation on changes in share capital caused by implementation of the Restricted Shares and Share Option Incentive Plan (限制性股票与股票期权激励计划) and 2016 Restricted Share Incentive Plan (2016年限制性股票激励计划).

During the reporting period, the total shares of the Company increased by 3,517,950 shares due to incentive targets' independent exercise of options; increased by 4,308,000 due to the grant of restricted shares to incentive targets; and decreased by 1,851,920 shares due to repurchase of restricted shares for cancellation. After the above-mentioned changes, the total number of shares of the Company as at the end of the period changed from 1,575,237,054 shares to 1,581,211,084 shares. For details of the changes, please refer to the I.1 under section VI of this report.

3. Accounting treatment method for option incentive and effects of equity incentive cost on the results of the Company

According to relevant provisions under the Accounting Standards for Business Enterprises No. 11 - Share-based Payment (企业会计准则第11号-股份支付), the Company will, on each balance sheet date in the waiting period, amend the number of restricted shares / share options that are expected to be unlockable / exercisable according to the latest available changes in the number of incentive targets allowed to unlock restricted shares/exercise options, completion of performance indicators and other follow-up information and include the services obtained in the current period in the relevant costs or expenses and capital reserves at fair value of the restricted shares/exercise options on the grant date.

The implementation of the above equity incentive plan will not have a significant impact on the Company's financial position and operating results during the reporting period and in the future.

(IV) Employee Stock Ownership Plan for Core Team

1. On 15 February 2017, the Proposal Regarding the Employee Stock Ownership Plan for Core Team of Guangdong Haid Group Co., Limited (Revised) and Its Summary (《关于<广东海大集团股份有限公司核心团队员工持股计划(修订稿)>及其摘要的议案》) was approved at the first extraordinary general meeting of 2017, pursuant to which the Company was approved to prepare the Employee Stock Ownership Plan for Core Team of Guangdong Haid Group Co., Limited (Revised) (广东海大集团股份有限公司核心团队员工持股计划(修订稿)) (hereinafter referred to as the "Employee Stock Ownership Plan") in accordance with relevant laws and regulations. As such, the Employee Stock Ownership Plan would permanently exist and be launched each year unless determination as determined by the Stock Ownership Plan Management Committee and consideration and approval by the Board and general meeting; and the Company would formulate specific plans under the Employee Stock Ownership Plan. As at 21 March 2017, the Company's initial Employee Stock Ownership Plan for Core Team "GF Yuanchi • Haid Core No. 1 Targeted Asset Management Program (广发原驰•海大核心1号定向资产管理计划)" purchased 720,187 shares. On 29 December 2017, the vesting of the first vesting period of the above-mentioned purchased shares was completed, with 40% of these shares, i.e. 288,075 shares, being vested. On 29 December 2018, the vesting of the second vesting period of the above-mentioned purchased shares was completed, with 30% of these shares, i.e. 216,056 shares, being vested.

2. On 14 May 2018, the Proposal Regarding the Second Plan of the Employee Stock Ownership Plan for Core Team of Guangdong Haid Group Co., Limited and Its Summary (《关于<广东海大集团股份有限公司核心团队员工持股计划之二期计划>及其摘要的议案》) (hereinafter referred to as the "Second Plan of the Employee Stock Ownership Plan") was approved at the 2017 annual general meeting. As such, the Company was approved to implement the Second Plan of the Employee Stock Ownership Plan. A special fund of RMB38,511,460.57 would be established and the related employees would raise no more than RMB50,000,000. The total number of employees to participate in the Second Plan of the Employee Stock Ownership Plan would be no more than 30, including 4 directors, supervisors and senior management, as well as no more than 26 other core personnel. As at 11 July 2018, the "GF Yuanchi • Haid Core No. 2 Targeted Asset Management Program" (广发原驰•海大核心2号定向资产管理计划) purchased 4,386,186 shares of the Company's stock from the secondary market for the Second Plan of the Employee Stock Ownership Plan, of which 1,908,436 shares were purchased with the special fund. As at 28 December 2018, the first vesting of the said shares purchased with the special fund was completed, with 40% of these shares, i.e. 763,374 shares, being vested. And the shares purchased with the employees' self-raised capital would be vested on the third vesting day of the shares purchased with the special fund according to their payment percentage.

XVI. Significant Related Party Transactions

1. Related party transactions associated with day-to-day operation

✓ Applicable □ Not applicable

Related party	Related party relationship	Types of the related party transactions	Subject matter of the related party transactions	Pricing basis of the related party transactions	Price of related party transactions	Amount of related party transactions (RMB '0,000)	Percentage as the amount of similar transactions	Amount of transactions approved (RMB '0,000)	Whether exceeding approved cap	Settlement of related party transactions	Market price of available similar transaction	Disclosure date	Disclosure index
Foshan Haihang Xingfa Agriculture and Animal Husbandry Development Co., Ltd.	Associate	Sales of products and commodities	Sales of feed and other products	Market price	The price of each transaction shall be determined by both parties through negotiation based on the uniform market price as quoted externally by the seller at the time of transaction.	4,787.72	0.11%	5,229	No	On normal commercial terms or in accordance with relevant agreements	Not applicable	20 April 2018	Announcement on Day-to-day Related Party Transaction in 2018 (Announcement No. 2018-016) published in the media designated for information disclosure
Guizhou Fuhai Chemical Co., Ltd.	Associate	Purchase of raw materials	Purchase of raw materials	Market price	The price of each transaction shall be determined by both parties through negotiation based on the uniform market price as quoted externally by the seller at the time of transaction.	8,871.72	0.22%	8,800	Yes	On normal commercial terms or in accordance with relevant agreements	Not applicable	20 April 2018	Announcement on Day-to-day Related Party Transaction in 2018 (Announcement No. 2018-016) published in the media designated for information disclosure

													ure
Total	--	--	13,659.44	--	14,029	--	--	--	--	--	--	--	--
Particulars on refund of bulk sale	Not applicable												
Actual performance of day-to-day transactions to be conducted in the period for which the total transaction amount is estimated by categories during the reporting period (if any)	Not applicable												
Reasons for large differences between transaction prices and market reference prices (if applicable)	Not applicable												

2. Related party transaction in connection with purchase or sale of assets or equity interest

☐ Applicable ☒ Not applicable

There was no related party transaction of the Company in connection with purchase or sale of assets or equity interest during the reporting period.

3. Related party transaction connected to joint external investment

☐ Applicable ☒ Not applicable

There was no related party transaction of the Company connected to joint external investment during the reporting period.

4. Related creditors' rights and debts transactions

☐ Applicable ☒ Not applicable

The Company did not have any related creditors' rights and debts transactions during the reporting period.

5. Other significant related party transactions

☐ Applicable ☒ Not applicable

There was no other significant related party transaction of the Company during the reporting period.

XVII. Material Contracts and Implementation

1. Custody, contracting and leasing

(1) Custody

☐ Applicable ☒ Not applicable

There was no custody of the Company during the reporting period.

(2) Contracting

☐ Applicable ☒ Not applicable

There was no contracting of the Company during the reporting period.

(3) Leasing

☐ Applicable ☒ Not applicable

There was no leasing of the Company during the reporting period.

2. Significant guarantees

✓ Applicable □ Not applicable

(1) Guarantees

Unit: RMB 0'000

External guarantees of the Company and its subsidiaries (excluding guarantees to subsidiaries)								
Name of obligee	Date of the related announcement disclosing the guarantee amount	Amount of guarantee	Guarantee date	Guarantee provided	Type of guarantee	Term	Fulfilled or not	Guarantee to related parties or not
Customers (such as farmers and dealers) of Jiangsu Haihe Agriculture and Animal Husbandry Co., Ltd.	27 April 2018	402	26 April 2018	0	Joint liability guarantee	1 year	No	No
Customers (such as farmers and dealers) of seven controlled subsidiaries including Hunan Haid Bio-Feed Co., Ltd.	28 June 2018	1,556.9	4 July 2018	373	Joint liability guarantee	1 year	No	No
Customers (such as farmers and dealers) for whom Shandong Haiding Agriculture and Animal Husbandry Co., Ltd. provided guarantees	26 October 2018	1,100	26 October 2018	100.97	Joint liability guarantee	1 year	No	No
Total external guarantees approved during the reporting period (A1)		3,058.9		Total actual external guarantees during the reporting period (A2)		473.97		
Total external guarantees approved at the end of the reporting period (A3)		3,058.9		Total balance of actual external guarantees at the end of the reporting period (A4)		473.97		
Guarantees between the Company and its subsidiaries								
Name of obligee	Date of the related announcement disclosing the guarantee amount	Amount of guarantee	Guarantee date	Guarantee provided	Type of guarantee	Term	Fulfilled or not	Guarantee to related parties or not
Sheng Long Bio-Tech International Co., Ltd.	29 March 2016	68,600	7 May 2016	834.57	Joint liability guarantee	2 years	Yes	No
			11 April 2016	3,869.09	Joint liability guarantee	2 years	Yes	No
			27 June 2016	3,435.00	Joint liability guarantee	2 years	Yes	No
			26 September	5,068.20	Joint liability	2 years	Yes	No

			2016		guarantee			
	27 April 2017	75,750	30 August 2017	11,923.73	Joint liability guarantee	1 year	Yes	No
			29 November 2017	3,688.79	Joint liability guarantee	2 years	No	No
			29 November 2017	7,278.30	Joint liability guarantee	2 years	Yes	No
	20 April 2018	99,389	7 May 2018	14,086.21	Joint liability guarantee	2 years	No	No
			2 July 2018	9,761.93	Joint liability guarantee	1 year	No	No
			23 July 2018	6,329.11	Joint liability guarantee	2 years	No	No
			21 December 2018	4,785.70	Joint liability guarantee	2 years	No	No
	29 August 2018	888						
Haid International Group Limited	27 April 2017	92,250	12 May 2017	6,863.20	Joint liability guarantee	1 year	Yes	No
			31 May 2017	11,852.95	Joint liability guarantee	1 year	Yes	No
			28 June 2017	6,863.20	Joint liability guarantee	1 year	Yes	No
			4 July 2017	15,101.58	Joint liability guarantee	1 year	Yes	No
	27 October 2017	33,083	28 March 2018	34,316	Joint liability guarantee	7 years	No	No
	20 April 2018	120,042	17 July 2018	6,863.20	Joint liability guarantee	2 years	No	No
			9 July 2018	11,828.70	Joint liability guarantee	1 year	No	No
			9 July 2018	6,863.20	Joint liability guarantee	1 year	No	No
			17 July 2018	13,726.40	Joint liability guarantee	2 years	No	No
	29 August 2018	55,235.20	28 December 2018	15,099.04	Joint liability guarantee	2 years	No	No
Sheng Long Bio Tech (M) SDN. BHD	27 April 2017	750	2 August 2017	343.16	Joint liability guarantee	1 year	Yes	No
	20 April 2018	700	25 September 2018	137.26	Joint liability guarantee	1 year	No	No
Haid Feed Co., Limited	20 August 2016	4,900	1 January 2017	857.07	Joint liability guarantee	1 year	Yes	No
	27 April 2017	12,000	12 November 2017	2,311.86	Joint liability guarantee	2 years	No	No
			8 February 2018	807.81	Joint liability guarantee	2 years	No	No
	20 April 2018	4,339	23 July 2018	222.78	Joint liability guarantee	2 years	No	No
	29 August 2018	4,620						
ShengLong Bio-Tech(India)Private Limited	20 April 2018	4,254	12 December 2018	489.27	Joint liability guarantee	2 years	No	No
	29 August 2018	7,700						

Hai Duong Haid Company Limited	27 April 2017	8,250	30 November 2017	2,638.59	Joint liability guarantee	2 years	No	No
	20 April 2018		17 April 2018	1,750.23	Joint liability guarantee	2 years	No	No
	20 April 2018	10,584						
China Haida Feed Group (HK) Limited	20 April 2018	202,700						
	29 August 2018	11,550						
PT.HAIDA AGRICULTURE INDONESIA	20 April 2018	3,500						
PT.HAIDA SURABAYA TRADING	20 April 2018	3,500						
66 wholly-owned or controlled subsidiaries	20 April 2018	17,412	1 January 2018	17,412	Joint liability guarantee	1 year	No	No
Total amount of guarantee provided for subsidiaries approved during the reporting period (B1)		546,413.2		Total amount of guarantee provided for subsidiaries during the reporting period (B2)		227,408.13		
Total amount of guarantee provided for subsidiaries approved as at the end of the reporting period (B3)		841,996.2		Total balance of guarantee provided for subsidiaries as at the end of the reporting period (B4)		111,635.13		
Guarantees between subsidiaries								
Name of obligee	Date of the related announcement disclosing the guarantee amount	Amount of guarantee	Guarantee date	Guarantee provided	Type of guarantee	Term	Fulfilled or not	Guarantee to related parties or not
Total amount of guarantee provided (i.e. sum of the above three guarantee amounts)								
Total amount of guarantee approved during the reporting period (A1+B1+C1)		549,472.10		Total amount of guarantee during the reporting period (A2+B2+C2)		227,882.10		
Total amount of guarantee approved as at the end of the reporting period (A3+B3+C3)		845,055.10		Total balance of guarantee as at the end of the reporting period (A4+B4+C4)		112,109.10		
The percentage of total amount of guarantee provided (i.e. A4+B4+C4) to the net assets of the Company				14.47%				
Of which:								
Balance of guarantee provided for shareholders, beneficial controllers and its related parties (D)				0				
Balance of guarantee directly or indirectly provided for obligors with gearing ratio over 70% (E)				5,168.42				
Total amount of guarantee provided in excess of 50% of net assets (F)				0				
Sum of the above three amount of guarantee (D+E+F)				5,168.42				
Explanations on liability to guarantee occurred during the reporting period or possible joint liability for satisfaction for				Not applicable				

undue guarantee (if any)	
Explanations on provision of guarantee in violation of established procedures	Not applicable

Note: The "Guarantee provided" in the table is converted at the middle rate of exchange at the end of the reporting period.

(2) External guarantees against the rules and regulations

☐ Applicable ☒ Not applicable

There was no external guarantee provided by the Company which was against the rules and regulations during the reporting period.

3. Entrusted cash and asset management

(1) Entrusted wealth management

☒ Applicable ☐ Not applicable

Entrusted wealth management during the reporting period

Unit: RMB 0'000

Type	Fund source for entrusted wealth management	Amount of entrusted wealth management	Undue balance	Overdue outstanding amount
Wealth management products of banks	Owned funds	67,000	43,000	0
Total		67,000	43,000	0

Particulars of high risk wealth management products with individual significant amount or low security, poor liquidity, and non-principal guaranteed

☐ Applicable ☒ Not applicable

Unable to recover the principal of entrusted wealth management or other circumstances that may result in impairment

☐ Applicable ☒ Not applicable

(2) Entrusted loans

☐ Applicable ☒ Not applicable

The Company did not have any entrusted loan during the reporting period.

4. Other material contracts

☐ Applicable ☒ Not applicable

The Company did not have any other material contract during the reporting period.

XVIII. Fulfillment of Social Responsibility

1. Fulfillment of social responsibility

With the mission of "prospering agriculture and transforming rural China through relying on science and technology", the Company adopts the philosophy of "service-oriented: create value for customers; people-first: realize value of employees; market-based: create benefits for the society".

(1) Protection of the rights and interests of shareholders and creditors

The Company has established a relatively complete legal person governance structure and improved the internal control system in accordance with the Company Law, the Securities Law, and the Code of Corporate Governance for Listed Companies to effectively guarantee the rights and interests of all shareholders and creditors; the Company strictly follows relevant laws, regulations, rules and other provisions in fulfillment of information disclosure obligations to disclose information truthfully, accurately, completely, and in a timely manner to ensure

that all shareholders have equal opportunities to obtain information; pays attention to communication and exchange with investors, strengthens communication with investors through multi-level and multi-channel approaches including telephone, e-mail, and investor relations interactive platforms, etc.; and has prepared a stable profit distribution policy to proactively reward shareholders. The Company's cash dividend amount since its listing has reached RMB 2.057 billion and the cash dividend in nearly three years amounts to RMB 1.353 billion (excluding the 2018 dividend distribution which is subject to consideration at the general meeting).

(2) Protection of employees' rights and interests

Adhering to the people-centered principle, the Company has formulated relevant management systems for labor employment and security in accordance with the provisions of the Labor Law, Labor Contract Law and other relevant laws and regulations as well as the Company's actual conditions to guarantee the legal rights and interests of employees from the system level. The Company focuses on production safety and employee labor safety and proactively creates opportunities for employees to improve their abilities and qualities; various professional or skill trainings are carried out through Haid School on a regular or irregular basis; the Company continuously shares the Company's development achievements with employees, and has launched equity incentive plan, employee stock ownership plan, profit sharing, etc. The remuneration and assessment committee of the Board fully listens to employees' opinions and formulates salary system plan each year; the Company shoulders corporate social responsibilities and helps employees whose families are in trouble due to major accidents, major diseases, disability, or death. The Company has set up the "Haid Group Employee Mutual Aid Fund" for which the Company, executives and other employees donate a certain amount of donations each year to form a pool of funds, which is implemented by the Executive Committee. In 2018, the Company provided a total of RMB 1,052,000 to 48 employees in difficulties.

(3) Protection of the rights and interests of suppliers, customers and consumers

The Company has always adhered to the principles of "integrity, equality, and mutual benefit" and proactively constructs and develops strategic partnerships with suppliers and customers. It stresses communication and coordination with related parties to jointly build a platform for trust and cooperation, and makes investments in small loan and commercial factoring businesses and industrial funds to solve the financing difficulties of some upstream and downstream operators, reduce the pressure caused by accounts receivable, improve the upstream and downstream production and management problems, and improve the industrial chain. It takes advantage of the combination of industrial capital and financial capital and effectively fulfills its social responsibilities to suppliers, customers, and consumers.

(4) Environmental Protection

The Company highly values environmental protection work, takes environmental protection as an important task, and includes environmental protection, energy saving and emission reduction into the important agenda. In strict accordance with relevant environmental protection regulations and corresponding standards, the Company effectively and comprehensively treats waste water, waste gas, and waste residues, and regularly maintains, improves, and renews the Company's environmental protection-related equipment. Over the years, it has proactively fulfilled its corporate responsibility of environmental protection.

(5) Proactive participation in social welfare undertakings

As the development of enterprises originates from the society, repaying the society is the due responsibility of enterprises. The Company earnestly fulfills its social responsibilities and has paid taxes in accordance with the law, cared for the disadvantaged groups in the society, and supported education. During the reporting period,

1) the Company donated a total of RMB 461,000 to the College of Marine Sciences and the College of Veterinary Medicine of South China Agricultural University, Guangxi University, Huazhong Agricultural University, Sichuan Agricultural University, Hubei Vocational College of Bio-Technology and the School of Life Sciences of Sun Yat-Sen University, as well as other secondary and primary schools, for the purpose of setting up scholarships and supporting teaching activities.

2) the Company participated in 35 other public welfare activities and donated a total of approximately RMB

1,490,000 mainly used to care for children and the elderly, to care for the physical and mental health of residents, to improve the living environment of local residents, to help the poor, etc.

3) the Company continued to support the poverty alleviation work plans at the national, provincial and municipal levels. In the 2018 Guangdong Poverty Alleviation Day & “Yangcheng Charity for People” Program, the Company donated RMB1 million to the Guangzhou Yangcheng Glorious Cause Foundation to support poverty alleviation in the Guangdong Province.

During the reporting period, the Company donated a total of RMB 428,000 and materials to poverty-stricken areas in Guangdong, Guangxi, Guizhou, Henan, Hujian, Hainan, Shandong, etc. for helping the poor, improving the living environment, purchasing social insurance, etc.

2. Performance of Social Responsibility for Targeted poverty alleviation

(1) Targeted poverty alleviation plan

The Company proactively responds to the spirit under the Decision of the Central Committee of the Chinese Communist Party and the State Council on Tackling Key Problems in Poverty Alleviation (《中共中央、国务院关于打赢脱贫攻坚战的决定》) and Opinions of China Securities Regulatory Commission on Giving Play to the Role of Capital Market in Serving the Poverty Alleviation Strategy of the State (《中国证监会关于发挥资本市场作用服务国家脱贫攻坚战略的意见》), and has formulated industrial poverty alleviation programs and work plans to assist accrete poverty alleviation. By leveraging on the advantages of the Company in terms of industry, talents, and resources and direct investment in education assistance and industrial development, the Company devoted to education, poverty alleviation through transfer employment, and other social welfare undertakings and proactively performs social responsibilities.

(2) Summary of targeted poverty alleviation in the year

During the reporting period, the Company actively promoted the implementation of poverty alleviation projects.

1) Proactively carrying out poverty alleviation projects

The Company always regards poverty alleviation as an important issue for the Company to fulfill its social responsibilities. In implementing the strategic layout, the Company gives priority to establishment of production bases in poor counties / districts / villages (hereinafter referred to as "Poverty-stricken Areas"). During the reporting period, the Company conducted investment in establishment of quite a number of subsidiaries and proactively pushed forward the construction and operation and the projects in several Poverty-stricken Areas including the Long'an County in Nanning, Guangxi, the Guiding County in Guizhou and the Shaoyang County in Hunan.

During the reporting period, the Company, as always, proactively responded to the call of the Committee of the Communist Party and the government of the Guangzhou Municipality for the counterpart support program. It signed a counterpart support agreement with the Zhidong Village in Ziqiang Town, Zhijin County, Bijie City on the construction project of an edible mushroom production base. This was an effective move to help the poor village and the people there to develop their specialty industry and to help them fight their own way out of poverty. The Company has fully fulfilled its social responsibility and contributed positive energy to the cause of targeted poverty alleviation.

2) Proactively carrying out poverty alleviation through education

Since 2016, the Company has persisted in carrying out public benefit activities themed by "prospering farmers and supporting education" and paid continuous attention to underprivileged children in rural areas. During the reporting period, the Company carried out public benefit activities themed by "prospering farmers and supporting education" in Wangling Primary School and Miaoben Primary School in Zhongcheng Town and Changzhai Village Primary School in Bakai Town, Rongjiang County, Guizhou Province. The Company proactively advocated employees to proactively participate in the public benefit activities themed by "prospering farmers and

supporting education". During the reporting period, the total amount of donations made by the employees was over RMB 20,000, which were used to buy articles of daily use, school supplies and devices. And the Company insisted on combination of poverty alleviation, education improvement, and prompting ambition.

3) Proactively carrying out poverty alleviation through agricultural and forestry development

During the reporting period, the Company invested RMB 15,574,400 to carry out eight poverty alleviation through industrial development programs in Guizhou, Henan, Hunan, Hubei, Guangxi, etc.

(3) Targeted poverty alleviation achievements

Indicators	Unit of measurement	Quantity/development situation
I. General information	——	——
Including: 1. Funds	RMB 0'000	1,557.44
2. Cash converted from materials	RMB 0'000	2.06
II. Sub-item investment	——	——
1. Poverty elimination through industrial development	——	——
Including: 1.1Types of industrial development poverty elimination projects	——	Agriculture and forestry industry poverty alleviation
1.2Number of industrial development poverty elimination projects	item	8
1.3Invested amount to industrial development poverty elimination projects	RMB 0'000	1,557.44
2. Poverty elimination through shift of occupation	——	——
3. Poverty elimination through relocation	——	——
4. Poverty elimination through education	——	——
Including: 4.1 Input of funding poor students	RMB 0'000	2.06
5. Poverty alleviation through improvement in health	——	——
6. Poverty alleviation through ecological protection	——	——
7. Minimum guarantee	——	——
8. Social poverty alleviation	——	——
9. Other projects	——	——
III. Awards granted (description, level)	——	——
Including: 1.		Top 10 Chinese Listed Companies in Social Responsibility 2017 (Special Award for Contributions in Poverty Alleviation)
2.		Guangdong-Hong Kong-Macau Greater Bay Area Corporate Social Responsibility Award 2017—For Contributions in Targeted Poverty Alleviation

(4) Subsequent targeted poverty alleviation plan

The Company will continue to proactively respond to the call of the country to give full play to the Company's advantages in terms of industries, talents and resources, engage in targeted poverty alleviation with a relentless effort, and promote organic integration between economic value creation and social responsibility fulfillment.

3. Information on environmental protection

Whether the Company and its subsidiaries are key pollutant discharging units as published by the environmental protection authority
Yes

Name of the company or subsidiary	Names of major pollutants and characteristic pollutants	Discharge method	Outlet quantity	Outlet distribution	Emission concentration	Pollutant discharge standards	Total discharge	Total discharge approved	Excessive discharge
Gaozhou Sanhe Animal Husbandry Co., Ltd. ("Gaozhou Sanhe") [Note]	Sewage: COD, ammonia nitrogen, PH level, TP, TN	Discharge after two-stage A/O treatment	1	Sewage outlet	COD: 70-100mg/L; ammonia: 24-35 mg/L; PH value: 6-9; TP: <1 mg/L; TN: 160-170 mg/L	Standards in Table 5 under the Pollutant Discharge Standards for Livestock and Poultry Farming Industry (GB18596-2001)	Sewage <128,000 tons /year; COD<16.6 tons /year; ammonia nitrogen <3.2 tons /year;	Sewage <128,000 tons /year; COD<16.6 tons /year; ammonia nitrogen <3.2 tons /year;	No
Guangzhou Dachuan Feed Co., Ltd.(Guangzhou Dachuan)	Sewage: COD, BOD5, ammonia nitrogen, PH value, suspended matter, animal and vegetable oils	Municipal pipe network	1	Sewage outlet	COD: 10mg/L; BOD5: 3.7mg/L; ammonia nitrogen: 0.05mg/L; PH value : 7.86(dimensionless); suspended matter: 11mg/L; animal and vegetable oils: 0.12mg/L	The Discharge Limits of Water Pollutants in Guangdong (DB-44/26-2001) the second time period first-level	Sewage : 3,800 tons /year	Sewage : 4,860 tons /year	No
	Exhaust gas: particles, sulfur dioxide, nitrogen oxides, carbon monoxide, odor	Discharge after sewage treatment	4	Boiler exhaust gas outlet; dust outlet; soot exhaust gas outlet; exhaust gas outlet	Particles: 23 mg/m ³ ; sulfur dioxide: 0.24 mg/m ³ ; ammonia nitride: 52 mg/m ³ ; carbon monoxide: 52 mg/m ³ ; odor: average is 16 (dimensionless)	Emission Standard of Air Pollutants for Boilers(DB-44/765-2010) gas standard; Emission Limits of Air Pollutants (DB-44/27-2001) the second time period second-level and concentration limits of unorganized emission monitoring	Exhaust gas: 105 million cubic meters; odor 6 tons/year	Exhaust gas: 1,586.21 million cubic meters/year	No

						point for the second time period; Emission Standard of Cooking Fume(GB18483-2001); Emission Standards for Odor Pollutants (GB14554-93) boundary second-level			
Guangzhou Haiwei Feed Co., Ltd. (Guangzhou Haiwei)	Sewage: COD , BOD5, ammonia nitrogen, PH value, suspended matter, phosphate, animal and vegetable oils	Municipal pipe network	1	Total outlet	COD: 75.1 mg/L; BOD5: 21.4 mg/L; ammonia nitrogen: 0.089 mg/L; PH value: 6.94; suspended matter: 41 mg/L; phosphate: 0.04 mg/L; animal and vegetable oils < 0.04 mg/L	The discharge limits of water pollutants in Guangdong (DB-44/26-2001) the second time period second-level	Sewage: 5,000 tons/year	Sewage: 5,300 tons/year	No
	Exhaust gas: particles, sulfur dioxide, nitrogen oxides, carbon monoxide, lampblack, odor, soot	Discharge after sewage treatment	3	Boiler chimney, canteen chimney, workshop exhaust gas outlet	Particles: 1.9 mg/L; sulfur dioxide: 23.3 mg/m ³ ; nitrogen oxide: 101 mg/m ³ ; soot: 0.237 mg/L; ozone (dimensionless): 18; soot: 20 mg/m ³	Emission Standard of Air Pollutants for Boilers(DB-44/765-2010) gas standard; Emission Limits of Air Pollutants (DB-44/27-2001) the second time period second-level; Emission Standard of Cooking Fume(GB18483-2001); Emission Standards for Odor Pollutants (GB14554-93) boundary standard	Exhaust gas: 50.82 million cubic meters/year	Exhaust gas: 64.27 million cubic meters/year	No

Suixian Yuliang Haiding Feed Co., Ltd. (Suixian Haiding)	Sewage: COD, ammonia nitrogen	Municipal pipe network	1	Sewage outlet	COD<20mg/L; ammonia nitrogen<35mg/L	Second-level standard in table 4 under integrated wastewater discharge standard (GB8978-1996)	COD: 0.2 tons/year; ammonia nitrogen: 0.02 tons/year	COD: 0.42 tons/year; ammonia nitrogen: 0.049 tons/year	No
	Exhaust gas: nitrogen oxides, carbon monoxide	Exhaust gas: organized discharge	1	Exhaust gas outlet	Sulfur dioxide <0.5mg/m ³ ; nitrogen oxides <0.5mg/m ³	Integrated emission standard of air pollutants (GB16297-1996) the second time period second-level; Emission standard of air pollutants for boiler (GB13271-2001) Class II Period II Coal-fired Boiler Standard	Sulfur dioxide<1.2 tons/year; Nitrogen oxide<1.2 tons/year	Sulfur dioxide: 1.2 tons/year; Nitrogen oxide: 1.2 tons/year	No
Zhuhai Rongchuan Feed Co., Ltd. (Zhuhai Rongchuan)	Exhaust gas: sulfur dioxide, nitrogen oxides, particles (others), dust, odor	Exhaust gas: organized discharge	3	Boiler exhaust gas outlet; dust outlet; soot exhaust gas outlet; exhaust gas outlet	Sulfur dioxide <50mg/m ³ ; nitrogen oxides <150mg/m ³ ; particles (others) <20mg/m ³ ; odor (dimensionless) <2000.4; dust <120.12mg/m ³	Emission Standard of Air Pollutants for Boiler (GB13271-2014); Emission Limits of Air Pollutants (DB-44/27-2001); Emission Standards for Odor Pollutants (GB-14554-93)	Exhaust gas <4,285.43 million cubic meters/year	Exhaust gas: 4,285.43 million cubic meters/year	No
Kaifeng Haid Feed Co., Ltd. (Kaifeng Haid)	Sewage: COD, ammonia nitrogen	Municipal pipe network	1	Sewage outlet	COD<0.52 tons/year; ammonia nitrogen<0.06 tons/year	Second-level standard in table 4 under integrated wastewater discharge standard (GB8978-1996)	COD<0.52 tons/year; ammonia nitrogen<0.06 tons/year	COD: 0.52 tons/year; ammonia nitrogen: 0.06 tons/year	No
	Exhaust gas: sulfur dioxide, nitrogen dioxide,	Discharge after sewage treatment	1	Exhaust gas outlet	Sulfur dioxide <0.77 tons/year; nitrogen	Emission standard of air pollutants for	Sulfur dioxide <0.77 tons/year; nitrogen	Sulfur dioxide: 0.77 tons/year; nitrogen	No

	soot				dioxide <3.3 tons/year; soot <0.67 tons/year	boilers(DB- 44/765-201 0) gas standard	dioxide <3.3 tons/year; soot <0.67 tons/year	dioxide: 3.3 tons/year; soot: 0.67 tons/year	

Note: The Company acquired 90% equity interests in Gaozhou Sanhe in 2015 and acquired 10% of minority interests in March 2016. After the acquisition of Gaozhou Sanhe, the Company continued to reform and upgrade the farming technology and environmental protection equipment, of which the sewage treatment system was completed in June 2017. Since the acquisition, a total of RMB 7.10 million has been invested in Gaozhou Sanhe's environmental protection projects and equipment.

Construction and operation of pollution prevention and control facilities

During the reporting period, the Company's key pollutant discharging subsidiaries were all equipped with pollution prevention and control facilities as required and all environmental protection facilities were operating normally.

Gaozhou Sanhe's farms were equipped with pollution prevention and control facilities as required and all environmental protection facilities were operating normally.

In the feed factories of Guangzhou Dachuan, Guangzhou Haiwei, Yuncheng Haiding, Zhuhai Rongchuan and Kaifeng Haid, sewage is treated at the sewage treatment station to achieve the standards before being discharged or recycled; waste gas is being treated through the installation of pulse jet fabric filter, cyclone separator, ozone processor, dust removing tower, desulfurization equipment and electrostatic fume equipment before being discharged.

Environmental Impact Assessment and Other Environmental Protection Administrative Licensing of Construction Projects

Gaozhou Sanhe has obtained the Guangdong Provincial Pollutant Emission Permit (广东省污染物排放许可证) with the number 4409812017000061.

All the aforementioned feed factories prepared environmental impact reports before project implementation and submitted to the environmental authority for review and approval in accordance with the requirements of environmental laws and regulations. They commenced project construction after obtaining the approval and carried out construction works strictly in accordance with the requirements of environmental impact assessment. Furthermore, they went through the procedures for the acceptance of project completion for environmental impact assessment in accordance with laws and obtained the pollutant discharge permit.

Emergency plan for emergent environmental incidents

The Company has formulated the Measures for Management of Safety and Environmental Protection Incidents (安全环保事故事件管理办法) to standardize the Company's safety and environmental accident reporting and investigation procedures and enhance the level of accident management. Meanwhile, as per the rules for the prevention of pollution and other public hazards in the Environmental Protection Law of the People's Republic of China, an emergency plan system for urgent environmental incidents has also be formulated and filed with the environmental protection and other related administrations.

Self-monitoring program for environment

In accordance with national or local standards for pollutant discharge (control), environmental impact assessment

reports and official replies, and technical specification requirements of environment monitoring, the Company formulates self-monitoring plans and designates special personnel to carry out routine monitoring, including the monitoring of the discharge of water pollutants and atmospheric pollutants.

Some subsidiaries appoint external professional institutions to carry out phased environment monitoring and intensify their supervision over environmental protection through the combination of self-monitoring and professional monitoring by third parties.

1. During the reporting period, Yuncheng Haiding appointed Xi'an Juengeng Instrument Co., Ltd., a third-party independent institution to carry out two phases of comparative monitoring. The comparative monitoring reports with the No. ZUYRHJB20180102 and ZYTHJB20180441 were produced respectively, and the results showed that the system was stable, equipment operation was normal and pollutant monitoring results were accurate. Yuncheng Haiding ensures the accuracy and effectiveness of its self-monitoring by appointing a third-party institution to evaluate its pollutant source monitoring equipment.

2. During the reporting period, Zhuhai Rongchuan appointed SOAO Analysis Laboratory, a third-party independent institution, to test the concentrations of particulates, ammonia, hydrogen sulfide, trimethylamine and odor. The test report with the No. R18060904HNX-A1 was produced, proving that the results met the standards.

3. During the reporting period, Guangzhou Dachuan appointed China National Analytical Center, Guangzhou (NACC), a third-party independent institution, to monitor odor in the air. The monitoring report with the No. NS201802220 was produced, proving that the results met the standards.

Other environmental information that should be disclosed

None

Others information on environmental protection

None

XIX. Other Matters of Significance

☐ Applicable ☒ Not applicable

The Company did not have any other matters of significance to be explained during the reporting period.

XX. Matters of Significance of Subsidiaries of the Company

☐ Applicable ☒ Not applicable

Section VI. Share Changes and Shareholder Information

I Share Changes

1. Share Changes

Unit: share

	Before		Increase/decrease in Reporting Period (+/-)					After	
	Shares	Percentage (%)	New issue	Shares as dividend converted from retained earnings	Shares as dividend converted from capital reserves	Other	Subtotal	Shares	Percentage (%)
1. Restricted shares	46,679,444	2.96%	4,308,000			-14,539,930	-10,231,930	36,447,514	2.31%
1.3 Shares held by other domestic investors	46,679,444	2.96%	4,308,000			-14,539,930	-10,231,930	36,447,514	2.31%
Shares held by domestic natural persons	46,679,444	2.96%	4,308,000			-14,539,930	-10,231,930	36,447,514	2.31%
2. Non-restricted shares	1,528,557,610	97.04%	3,517,950			12,688,010	16,205,960	1,544,763,570	97.69%
2.1 RMB common shares	1,528,557,610	97.04%	3,517,950			12,688,010	16,205,960	1,544,763,570	97.69%
3. Total shares	1,575,237,054	100.00%	7,825,950			-1,851,920	5,974,030	1,581,211,084	100.00%

Reasons for share changes:

☒ Applicable ☐ Not applicable

1. Based on the shareholdings of the Company's directors, supervisors and senior management in the Company at the end of last year, their tradable shares were recalculated at the beginning of the current year, resulting in changes in their shares in lockup.

2. Share options were exercised under the Restricted Share and Share Option Incentive Plan (《限制性股票与股票期权激励计划》).

During the period from 11 May to 31 December 2018, the awardees of the Restricted Share and Share Option Incentive Plan (《限制性股票与股票期权激励计划》) chose to exercise 3,530,850 share options in the third exercise period, which thus increased the Company's total shares by 3,517,950 shares, with 12,900 shares exercised but unregistered. As such, the Company's total shares increased by 3,517,950 shares.

3. Restricted shares were granted under the 2016 Restricted Share Incentive Plan (《2016 年限制性股票激励计划》).

On 8 December 2017, the Company granted 4,308,000 restricted shares to the 360 awardees of the 2016 Restricted Share Incentive Plan (《2016 年限制性股票激励计划》). As of 10 January 2018, the Company had received a total of RMB 44,975,520.00 from the 360 awardees for subscription of those restricted shares, of which RMB 4,308,000.00 was added to the Company's registered capital and the other RMB 40,667,520.00 to capital reserves. This increase in capital was verified by GP Certified Public Accountants (LLP), which issued the Capital Verification Report GHYZ [2018] No. G17036520025 (广会验字[2018]G17036520025 号《验资报告》). On 18 January 2018, as confirmed by the Shenzhen branch of China Securities Depository and Clearing Co., Ltd., the Company completed the registration of the said restricted shares with the Shenzhen branch of China Securities Depository and Clearing Co., Ltd. As such, the Company's total shares increased by 4,308,000 shares.

4. Certain restricted shares were repurchased and cancelled under the equity incentive plans.

(1) As certain awardees of the Restricted Share and Share Option Incentive Plan (《限制性股票与股票期权激励计划》) and the 2016 Restricted Share Incentive Plan (Revised) (《2016 年限制性股票激励计划(修订稿)》) had resigned, passed away after illness or failed in their individual performance appraisals, among others, the Company repurchased and cancelled a total of 580,800 restricted shares that had been granted to the said awardees but failed to meet the unlocking conditions. On 20 April 2018, the Company disclosed the Announcement on Decrease in Capital due to Repurchase and Cancellation of Certain Restricted Shares (《关于回购注销部分限制性股票的减资公告》) (announcement No. 2018-022) and publicized the capital decrease matter for 45 days. As of 5 June 2018, the Company had returned a total of RMB 4,243,297.00 to the relevant awardees in cash, thus reducing the share capital by RMB 580,800.00 and the capital reserves by RMB 3,662,497.00. This decrease in capital was verified by GP Certified Public Accountants (LLP), which issued the Capital Verification Report GHYZ [2018] No. G18026520013 (广会验字[2018]G18026520013 号《验资报告》). On 19 June 2018, as confirmed by the Shenzhen branch of China Securities Depository and Clearing Co., Ltd., the Company completed the repurchase and cancellation of the said restricted shares with the said authority. As such, the Company's total shares decreased by 580,800 shares.

(2) As certain awardees of the 2016 Restricted Share Incentive Plan (Revised) (《2016 年限制性股票激励计划(修订稿)》) had resigned for personal reasons, violated the professional ethics or damaged the Company's interests, among others, the Company repurchased and cancelled a total of 1,271,120 restricted shares that had been granted to the said awardees but failed to meet the unlocking conditions. On 26 October 2018, the Company disclosed the Announcement on Decrease in Capital due to Repurchase and Cancellation of Certain Restricted Shares (《关于回购注销部分限制性股票的减资公告》) (announcement No. 2018-060) and publicized the capital decrease matter for 45 days. As of 12 December 2018, the Company had returned a total of RMB 9,389,141.60 to the relevant awardees in cash, thus reducing the share capital by RMB 1,271,120.00 and the capital reserves by RMB 8,118,021.60. This decrease in capital was verified by GP Certified Public Accountants (LLP), which issued the Capital Verification Report GHYZ [2018] No. G18031440027 (广会验字[2018]G18031440027 号《验资报告》). On 27 December 2018, as confirmed by the Shenzhen branch of China Securities Depository and Clearing Co., Ltd., the Company completed the repurchase and cancellation of the said restricted shares with the said authority. As such, the Company's total shares decreased by 1,271,120 shares.

After all the changes above, the Company's total shares have changed from 1,575,237,054 shares to 1,581,211,084 shares.

Approval of share changes:

✓ Applicable ☐ Not applicable

1. On 8 December 2017, the Proposal on Granting Reserved Restricted Shares to Awardees under 2016 Restricted Share Incentive Plan (《关于向公司 2016 年限制性股票激励计划激励对象授予预留限制性股票的议案》) was reviewed and approved at the Eleventh Meeting of the Company's Fourth Board. As such, the Company granted 4,308,000 restricted shares to 360 awardees at the price of RMB 10.44/share, with 8 December 2017 as the grant day. On 18 January 2018, the Company completed the registration of the said restricted shares.

2. On 19 April 2018, the Proposal on Adjustments to Equity Incentive Plans and Cancellation of Certain Share Options (《关于调整公司股权激励计划相关事项及注销部分股票期权的议案》) and the Proposal on

Repurchase and Cancellation of Certain Restricted Shares (《关于回购注销部分限制性股票的议案》) were reviewed and approved at the Twelfth Meeting of the Company's Fourth Board. As certain awardees of the Restricted Share and Share Option Incentive Plan (《限制性股票与股票期权激励计划》) and the 2016 Restricted Share Incentive Plan (Revised) (《2016 年限制性股票激励计划 (修订稿)》) had resigned, failed in the 2017 annual individual performance appraisals or passed away after illness, among others, the Company was agreed to repurchase and cancel a total of 580,800 restricted shares that had been granted to these awardees but failed to meet the unlocking conditions. And the Proposal on Repurchase and Cancellation of Certain Restricted Shares (《关于回购注销部分限制性股票的议案》) has been reviewed and approved at the 2017 Annual General Meeting.

3. On 24 October 2018, the Proposal on Repurchase and Cancellation of Certain Restricted Shares (《关于回购注销部分限制性股票的议案》) was reviewed and approved at the Sixteenth Meeting of the Company's Fourth Board. As 63 awardees of restricted shares and 19 awardees of reserved restricted shares in the first grant had resigned, been disqualified for the incentives or had their labor contracts terminated by the Company, among others, the Company was agreed to repurchase and cancel 1,093,120 restricted shares and 178,000 reserved restricted shares in the first grant that had been granted to these awardees but failed to meet the unlocking conditions. And the Proposal on Repurchase and Cancellation of Certain Restricted Shares (《关于回购注销部分限制性股票的议案》) has been reviewed and approved at the First Extraordinary General Meeting of 2018.

Transfer of share ownership:

☐ Applicable ☒ Not applicable

Implementation progress of any share repurchase:

☐ Applicable ☒ Not applicable

Implementation progress of any reduction of the repurchased shares through centralized bidding:

☐ Applicable ☒ Not applicable

Effects of share changes on the basic earnings per share, diluted earnings per share, equity per share attributable to the common shareholders of the Company and other financial indicators of the prior year and the prior period, respectively:

☐ Applicable ☒ Not applicable

Other information that the Company considers necessary or is required by the securities regulator to be disclosed:

☐ Applicable ☒ Not applicable

2. Change in Restricted Shares

☒ Applicable ☐ Not applicable

Unit: share

Shareholder	Opening restricted shares	Unlocked in Reporting Period	Increased in Reporting Period	Closing restricted shares	Reason for lockup	Date of unlocking
Li Tian	1,158,900		189,005	1,347,905	Shares in lockup due to her senior management position: 1. The shares in lockup due to her senior management position increased by 25 shares upon the recalculation of her transferable shares in the year according to her shareholdings on 1 January 2018; 2. 188,980 restricted shares were transferred to her shares in lockup due to her senior management position upon being unlocked.	Not applicable

Li Tian	314,900	188,980		125,920	Restricted shares: 188,980 restricted shares were unlocked during the reporting period.	11 May 2018
Xueqiao Qian	73,500		178,175	251,675	Shares in lockup due to his senior management position: 1. The shares in lockup due to his senior management position increased by 8,875 shares upon the recalculation of his transferable shares in the year according to his shareholdings on 1 January 2018; 2. 169,300 restricted shares were transferred to his shares in lockup due to his senior management position upon being unlocked.	Not applicable
Xueqiao Qian	258,500	169,300		89,200	Restricted shares: 169,300 restricted shares were unlocked during the reporting period.	11 May 2018
Shaolin Yang	168,000		73,140	241,140	Shares in lockup due to his senior management position: 1. The shares in lockup due to his senior management position decreased by 12,300 shares upon the recalculation of his transferable shares in the year according to his shareholdings on 1 January 2018; 2. 85,440 restricted shares were transferred to his shares in lockup due to his senior management position upon being unlocked.	Not applicable
Shaolin Yang	175,200	85,440		89,760	Restricted shares: 85,440 restricted shares were unlocked during the reporting period.	11 May 2018
Zhijian Huang	230,244		71,870	302,114	Shares in lockup due to his senior management position: 1. The shares in lockup due to his senior management position decreased by 18,650 shares upon the recalculation of his transferable shares in the year according to his shareholdings on 1 January 2018; 2. 90,520 restricted shares were transferred to his shares in lockup due to his senior management position upon being unlocked.	Not applicable
Zhijian Huang	200,600	90,520		110,080	Restricted shares: 90,520 restricted shares were unlocked during the reporting period.	11 May 2018
Other restricted share awardees than senior management	44,099,600	14,517,880	4,308,000	33,889,720	Restricted shares: 1. A total of 4,308,000 restricted shares were granted during the reporting period; 2. A total of 12,665,960 restricted shares were unlocked during the reporting period; 3. A total of 1,851,920 restricted shares were repurchased and cancelled during the reporting period.	11 May 2018
Total	46,679,444	15,052,120	4,820,190	36,447,514	--	--

II Issuance and Listing of Securities

1. Securities (Exclusive of Preferred Shares) Issued in Reporting Period

☐ Applicable ☒ Not applicable

2. Change in Total Shares, Shareholder Structure and Asset and Liability Structures

☒ Applicable ☐ Not applicable

1. On 8 December 2017, the Company granted 4,308,000 restricted shares to the 360 awardees of the 2016 Restricted Share Incentive Plan (《2016 年限制性股票激励计划》). As of 10 January 2018, the Company had received a total of RMB 44,975,520.00 from the 360 awardees for subscription of those restricted shares, of which RMB 4,308,000.00 was added to the Company's registered capital and the other RMB 40,667,520.00 to capital reserves. This increase in capital was verified by GP Certified Public Accountants (LLP), which issued the Capital Verification Report GHYZ [2018] No. G17036520025 (广会验字[2018]G17036520025 号《验资报告》). On 18 January 2018, as confirmed by the Shenzhen branch of China Securities Depository and Clearing Co., Ltd., the Company completed the registration of the said restricted shares with the Shenzhen branch of China Securities Depository and Clearing Co., Ltd. As such, the Company's total shares increased by 4,308,000 shares.

2. As certain awardees of the Restricted Share and Share Option Incentive Plan (《限制性股票与股票期权激励计划》) and the 2016 Restricted Share Incentive Plan (Revised) (《2016 年限制性股票激励计划(修订稿)》) had resigned, passed away after illness or failed in their individual performance appraisals, among others, the Company repurchased and cancelled a total of 580,800 restricted shares that had been granted to the said awardees but failed to meet the unlocking conditions. On 20 April 2018, the Company disclosed the Announcement on Decrease in Capital due to Repurchase and Cancellation of Certain Restricted Shares (《关于回购注销部分限制性股票的减资公告》) (announcement No. 2018-022) and publicized the capital decrease matter for 45 days. As of 5 June 2018, the Company had returned a total of RMB 4,243,297.00 to the relevant awardees in cash, thus reducing the share capital by RMB 580,800.00 and the capital reserves by RMB 3,662,497.00. This decrease in capital was verified by GP Certified Public Accountants (LLP), which issued the Capital Verification Report GHYZ [2018] No. G18026520013 (广会验字[2018]G18026520013 号《验资报告》). On 19 June 2018, as confirmed by the Shenzhen branch of China Securities Depository and Clearing Co., Ltd., the Company completed the repurchase and cancellation of the said restricted shares with the said authority. As such, the Company's total shares decreased by 580,800 shares.

3. As certain awardees of the 2016 Restricted Share Incentive Plan (Revised) (《2016 年限制性股票激励计划(修订稿)》) had resigned for personal reasons, violated the professional ethics or damaged the Company's interests, among others, the Company repurchased and cancelled a total of 1,271,120 restricted shares that had been granted to the said awardees but failed to meet the unlocking conditions. On 26 October 2018, the Company disclosed the Announcement on Decrease in Capital due to Repurchase and Cancellation of Certain Restricted Shares (《关于回购注销部分限制性股票的减资公告》) (announcement No. 2018-060) and publicized the capital decrease matter for 45 days. As of 12 December 2018, the Company had returned a total of RMB 9,389,141.60 to the relevant awardees in cash, thus reducing the share capital by RMB 1,271,120.00 and the capital reserves by RMB 8,118,021.60. This decrease in capital was verified by GP Certified Public Accountants (LLP), which issued the Capital Verification Report GHYZ [2018] No. G18031440027 (广会验字[2018]G18031440027 号《验资报告》). On 27 December 2018, as confirmed by the Shenzhen branch of China Securities Depository and Clearing Co., Ltd., the Company completed the repurchase and cancellation of the said restricted shares with the said authority. As such, the Company's total shares decreased by 1,271,120 shares.

After all the changes above, the Company's total shares have changed from 1,575,237,054 shares to 1,581,211,084 shares.

3. Existing Staff-Held Shares

☐ Applicable ☒ Not applicable

III Shareholders and Actual Controller

1. Shareholders and Their Shareholdings at Period-End

Unit: share

Common shareholders at period-end	11,220	Common shareholders at month-end prior to disclosure of this Report	12,245	Preferred shareholders with resumed voting rights at period-end (if any) (see note 8)	0	Preferred shareholders with resumed voting rights at month-end prior to disclosure of this Report (if any) (see note 8)	0	
5% or greater shareholders or top 10 shareholders								
Name of shareholder	Nature of shareholder	Shareholding percentage at period-end (%)	Shares	Change during Reporting Period	Restricted shares	Non-restricted shares	Pledged or frozen shares	
							Status	Shares
Guangzhou Haihao Investment Co., Ltd.	Domestic non-state-owned juridical person	57.59%	910,589,359			910,589,359	Pledged	53,519,000
Hong Kong Securities Clearing Company Ltd.	Foreign juridical person	2.54%	40,201,216	21,206,507		40,201,216		
National Social Security Fund Portfolio 406	Other	2.13%	33,739,218	3,001,585		33,739,218		
Norges Bank – Proprietary Fund	Foreign juridical person	2.00%	31,613,791	-5,231,874		31,613,791		
China Merchants Bank Co., Ltd - Orient Red Ruifeng Flexible Allocation Mixed Fund (LOF)	Other	1.50%	23,766,571	2,676,958		23,766,571		
Bank of China—Dongfanghong Ruihua Shanghai-Hong Kong-Shenzhen Dynamic Asset Allocation Mixed Type Securities Investment Fund	Other	1.25%	19,782,550			19,782,550		
Central Huijin Asset Management Ltd.	State-owned juridical person	1.09%	17,187,600			17,187,600		
Industrial and Commercial Bank	Other	0.90%	14,233,203	8,349,703		14,233,203		

of China—Invesco Great Wall Newly Growth Mixed Securities Investment Fund								
CDPQ or la Caisse	Foreign juridical person	0.76%	12,041,561	-1,388,300		12,041,561		
Bank of China—Invesco Great Wall Dingyi Mixed Securities Investment Fund (LOF)	其他	0.75%	11,830,000	4,371,646		11,830,000		
Strategic investor or general juridical person becoming top-10 shareholder due to placing of new shares (if any) (see note 3)	N/A							
Related or acting-in-concert parties among shareholders above	Among the top 10 shareholders above, the first shareholder is the controlling shareholder of the Company, which is neither a related party nor an acting-in-concert party to the other shareholders. It is unknown whether there is, among the other shareholders, any acting-in-concert party as defined in the Administrative Measures On Acquisition Of Listed Companies (《上市公司收购管理办法》) or any related party.							
Top 10 non-restricted shareholders								
Name of shareholder	Non-restricted shares held at period-end	Type of shares						
		Type		Shares				
Guangzhou Haihao Investment Co., Ltd.	910,589,359	RMB common stock		910,589,359				
Hong Kong Securities Clearing Company Ltd.	40,201,216	RMB common stock		40,201,216				
National Social Security Fund Portfolio 406	33,739,218	RMB common stock		33,739,218				
Norges Bank – Proprietary Fund	31,613,791	RMB common stock		31,613,791				
China Merchants Bank Co., Ltd - Orient Red Ruifeng Flexible Allocation Mixed Fund (LOF)	23,766,571	RMB common stock		23,766,571				
Bank of China—Dongfanghong Ruihua Shanghai-Hong Kong-Shenzhen Dynamic Asset Allocation Mixed Type Securities Investment Fund	19,782,550	RMB common stock		19,782,550				
Central Huijin Asset Management Ltd.	17,187,600	RMB common stock		19,782,550				
Industrial and Commercial Bank of China—Invesco Great Wall Newly Growth Mixed Securities Investment Fund	14,233,203	RMB common stock		14,233,203				
CDPQ or la Caisse	12,041,561	RMB common stock		12,041,561				
Bank of China—Invesco Great Wall Dingyi Mixed Securities Investment Fund (LOF)	11,830,000	RMB common stock		11,830,000				
Related or acting-in-concert parties among top 10 non-restricted common shareholders, as well as between top 10 non-restricted common shareholders and top 10 common shareholders	Among the top 10 shareholders above, the first shareholder is the controlling shareholder of the Company, which is neither a related party nor an acting-in-concert party to the other shareholders. It is unknown whether there is, among the other shareholders, any acting-in-concert party as defined in the Measures for Administration of Takeover of Listed Companies (《上市公司收购管理办法》) or any related party.							

Top 10 common shareholders conducting securities margin trading (if any) (see note 4)	N/A

Indicate by tick mark whether any of the top 10 common shareholders or the top 10 non-restricted common shareholders of the Company conducted any promissory repo during the Reporting Period.

☐ Yea ☒ No

No such cases in the Reporting Period.

2. Controlling Shareholder

Nature of controlling shareholder: Controlled by a natural person

Type of controlling shareholder: Juridical person

Name of controlling shareholder	Legal representative/person in charge	Date of establishment	Unified social credit code	Main business scope
Guangzhou Haihao Investment Co., Ltd.	Hua Xue	September 27, 2006	91440113793877530G	Investment with self-owned capital; wholesale of commodities (excluding commodities that require a permit or approval document to trade); retail sales of commodities (excluding commodities that require a permit or approval document to trade); import and export of commodities (excluding commodities restricted to specific parties); and import and export of technologies
Controlling shareholder's holdings in other listed companies at home or abroad in Reporting Period	N/A			

Change of the controlling shareholder during the Reporting Period:

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

3. Actual Controller

Nature of actual controller: Domestic natural person

Type of actual controller: Natural person

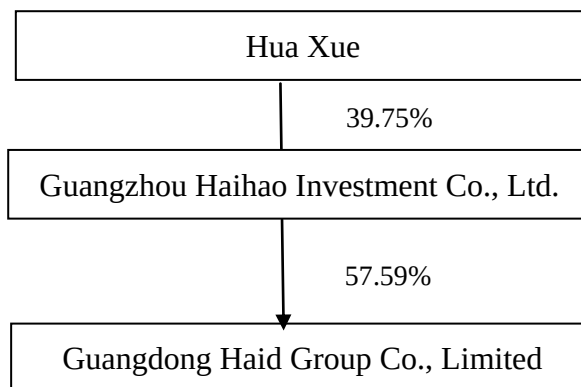
Name of actual controller	Relationship with actual controller	Nationality	Right of residence in other countries or regions
Hua Xue	Himself	Chinese	None
Main office titles	Chairman of the Board, General Manager		
Used-to-be-holding listed companies at home and abroad in past 10 years	N/A		

Change of the actual controller during the Reporting Period:

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

Ownership and control relations between the actual controller and the Company:



Indicate by tick mark whether the actual controller controls the Company via trust or other ways of asset management.

☐ Applicable ☒ Not applicable

4. Other 10% or Greater Juridical-Person Shareholders

☐ Applicable ☒ Not applicable

5. Holdings of the Company's Controlling Shareholder, Actual Controller, Reorganizer and Other Commitment Makers under Restricted Sales Condition

☐ Applicable ☒ Not applicable

Section VII. Preferred Shares

☐ Applicable ☒ Not applicable

No preferred shares in the Reporting Period.

Section VIII. Directors, Supervisors, Senior Management and Staff

I Change in Shareholdings of Directors, Supervisors and Senior Management

Name	Office title	Incumbent/Former	Gender	Age	Starting date of tenure	Ending date of tenure	Opening shareholding (share)	Increase in Reporting Period (share)	Decrease in Reporting Period (share)	Other increase/decrease (share)	Closing shareholding (share)
Hua Xue	Chairman of the Board	Incumbent	Male	49	June 6, 2007	June 7, 2019					
Hua Xue	General Manager	Incumbent	Male	49	May 25, 2010	June 7, 2019					
Yingzhuo Xu	Director and Vice General Manager	Incumbent	Male	51	June 6, 2007	June 7, 2019					
Li Tian	Vice General Manager	Incumbent	Female	47	June 6, 2007	June 6, 2019	1,965,100				1,965,100
Li Tian	Director	Incumbent	Female	47	June 7, 2016	June 7, 2019					
Xiaojun Shang	Director	Incumbent	Female	46	May 25, 2010	June 7, 2019					
Chengpin Lu	Independent Director	Incumbent	Male	74	November 13, 2015	June 7, 2019					
Xinchun Li	Independent Director	Incumbent	Male	57	August 21, 2013	June 7, 2019					
Erkang Deng	Independent Director	Incumbent	Female	51	August 21, 2013	June 7, 2019					
Zhenxiang Qi	Supervisor	Incumbent	Male	49	June 6, 2007	June 7, 2019					
Jing Wang	Supervisor	Incumbent	Female	40	May 12, 2014	June 7, 2019					
Jia Chen	Supervisor	Incumbent	Female	37	August 21, 2013	June 7, 2019					
Mingzhong Chen	Vice General Manager	Incumbent	Male	54	June 6, 2007	June 7, 2019					
Zhijian Huang	Vice General Manager and Board Secretary	Incumbent	Male	41	July 26, 2012	June 7, 2019	549,592				549,592
Xueqiao Qian	Chief Engineer	Incumbent	Male	52	June 6, 2007	June 7, 2019	454,500				454,500
Shaolin Yang	Chief Financial Officer	Incumbent	Male	45	October 22, 2012	June 7, 2019	441,200		110,300		330,900

Total	--	--	--	--	--	--	3,410,392	0	110,300		3,300,092

II Change in Directors, Supervisors and Senior Management

☐ Applicable ☒ Not applicable

III Brief Biographies

Professional backgrounds, main working experience and current responsibilities in the Company of the incumbent directors, supervisors and senior management:

1. Directors

(1) Hua Xue

Mr. Hua Xue, with no permanent residency abroad, is an engineer. He graduated from College of Fisheries of Huazhong Agricultural University in 1992 with a major in special aquaculture; in 1995, he obtained the master's degree in zoology from School of Life Sciences of Sun Yat-Sen University. As one of the founders of the Company, he now serves as the Chairman of the Board and General Manager of the Company. At present, he has held various social positions such as Executive Vice President of China Feed Industry Association (CFIA), Chairman of China Vocational Education Group of Modern Fishery, Vice Chairman of China Association of Young Rural Entrepreneurial Leaders (CAYREL), Chairman of Guangdong Hi-tech Enterprise Association (GDHTEA), Vice Chairman of Guangdong Agricultural Science and Technology Innovation Alliance, Vice President of Guangdong Feed Industry Association, Vice President of Guangdong Fisheries Association, Vice Chairman of Guangdong Association of Young Scientists (GDAYS), Executive Vice Chairman of Guangdong Shaanxi Chamber of Commerce, the NPC Member of the 14th National Congress of the Communist Party of Guangzhou, a member of the 11th Chinese People's Political Consultation Conference Guangzhou Committee, Vice Chairman of the 15th Executive Committee of Guangzhou Federation of Industry and Commerce, President of Guangzhou Association of Agricultural Leading Enterprises, Honorary Chairman of Guangzhou Feed Profession Association (GZFPA), Vice Chairman of Guangzhou Panyu District Chamber of Commerce and Vice President of Guangzhou Panyu District Manufacturers Association. Meanwhile, he is recognized as "Leading Entrepreneur in China's Feed Industry" by the Ministry of Agriculture, "Top 30 Excellent Entrepreneurs in China" by China Feed Industry Association (CFIA), "2012-2013 Excellent Entrepreneur" by the Agricultural Industrialization Branch of China Association of Agricultural Science Societies (CAASS), "2017 Guangdong Top Ten Influential Business People" by Guangdong Radio and Television Station, "2011 Guangdong Excellent Entrepreneur with Outstanding Contribution in Corporate Culture" by Guangdong Federation of Entrepreneurs, "The Second Excellent Builders for the Socialism with Chinese Characteristics in Guangzhou" by the Chinese People's Political Consultative Conference Guangzhou Committee, "The 30th Anniversary of Guangzhou's Reform and Opening up—The Most Respected Entrepreneur" by Guangzhou Enterprise Federation, "Best Listed Company Leader" by New Fortune in 2018, the Second Prize for Outstanding Industrial Talents in Panyu District 2018, among others. Mr. Hua Xue holds 39.75% equity interests in the Company's controlling shareholder Guangzhou Haihao Investment Co., Ltd. and is the actual controller of the Company.

(2) Li Tian

Ms. Li Tian, with no permanent residency abroad, is a Chinese Certified Public Accountant and Certified Tax Accountant. She graduated from Beijing Wuzi University in 1993 with a major in accounting. From 2002 to 2004, she studied and obtained EMBA from Sun Yat-sen Business School. She is recognized as a "High-End Industrial Talent in Panyu District 2018". From 1993 to 1996, she was engaged in financial work at Guangdong Reclamation Yanling Building Co., Ltd.. From 1996 to 2001, she worked for Guangzhou Lingnan Certified Public Accountants and Guangdong Kangyuan Certified Public Accountants in succession. In January 2004, she joined the Company and successively served as Chief Financial Officer, Board Secretary, and Vice General Manager. Currently, she is the Company's director and Vice General Manager, as well as Vice Chairman of Guangzhou Institute of Internal Audit.

(3) Yingzhuo Xu

Mr. Yingzhuo Xu, Chinese nationality, with no permanent residency abroad, is a livestock specialist. He graduated from South China Agricultural University with a bachelor's degree in Animal Husbandry in 1991 and later obtained a master's degree in business administration from HEC Paris. As one of the founders of the Company, he now serves as the Company's director and Vice General Manager. Mr. Yingzhuo Xu holds 27% equity interests in Guangzhou Haihao Investment Co., Ltd., the Company's controlling shareholder.

(4) Xiaojun Shang

Ms. Xiaojun Shang is a permanent resident in Hong Kong. She graduated from NUS Business School with a bachelor's degree (first class honors) in finance and banking management and is currently a director of the Company. Ms. Xiaojun Shang is an executive director of CDH Nemo (HK) Limited and CDH Investments Management (Hong Kong) Limited.

(5) Chengping Lu

Professor Chengping Lu, with no permanent residency abroad, majors in Veterinary Science, and now is a professor as well as doctoral tutor. He graduated from Agricultural College of Yangzhou University with a major in veterinary medicine in 1968, and was admitted to Nanjing Agricultural College in 1978 for a master's degree in veterinary microbiology and immunology. In 1982, the Ministry of Education sent him to the Federal Republic of Germany for advanced studies and doctoral studies. In 1985, he obtained the doctoral degree in veterinary medicine from University of Munich. In the same year, he returned to work at Nanjing Agricultural University as a professor. He served as a professor in 1992 and was approved by the Academic Degree Committee of the State Council in 1993 as a tutor for doctoral students. Now he is a professor at Nanjing Agricultural University. In addition, he has served as Dean of College of Veterinary Medicine of Nanjing Agricultural College, Executive Deputy Director of the Graduate School, member of the 4th Veterinary Science Research and Appraisal Team of the Academic Degree Committee of the State Council, convener of the 5th and the 6th Veterinary Science Research and Appraisal Team, the Secretary-General of the 1st National Veterinary Professional Education Steering Committee, the Chairman of the 2nd National Veterinary Professional Education Steering Committee, member of Chinese Society of Microbiology and Vice Chairman of the Professional Veterinary Committee, and the Overseas Visiting Professor at Nihon University.

Professor Chengping Lu has long been committed to the research of veterinary microbiology and immunology and aquatic animal pathogenic microorganisms and immunology, and played an important role in the timely diagnosis and effective prevention and control of swine streptococcal disease broken out in Sichuan in 2005, producing a good social impact. At the same time, the "Swine Streptococcus Disease Research and Prevention and Control Technology" won the second prize of the National Science and Technology Progress Award in 2007; in 2008, he was appointed as a Chief Expert in the special non-profit industrial (agricultural) scientific and technological project of "Swine Streptococcus Disease Biohazard Prevention and Control Technology Research and Demonstration" by the Ministry of Agriculture; in May 2013, he was appointed by OIE (World Organization for Animal Health) as the specialist in the OIE Swine Streptococcus Disease Diagnosis Reference Laboratory.

(6) Xinchun Li

Professor Xinchun Li, with no permanent residency abroad, Ph.D. in Economics from Humboldt University, is now a professor and doctoral tutor of Sun Yat-Sen Business School, an expert enjoying Special government allowances of the State Council, and a Cheung Kong Scholar Chair Professor. From April 2004 to March 2011, he was appointed as Dean of Sun Yat-sen Business School. He has long been engaged in the research and teaching of corporate strategic management, family business management, and entrepreneurial management. He was selected into the New Century National Hundred, Thousand and Ten Thousand Talent Project (2005) approved by the Ministry of Human Resources, the Ministry of Science and Technology, and the Ministry of Education, and the New Century Excellent Talents (2004) of the Ministry of Education as well as a member of China National MBA Education Supervisory Committee. Now, he is also an independent director of Guangzhou Digital Media Co., Ltd. (871828.OC).

(7) Erkang Deng

Ms. Erkang Deng, Chinese nationality, with no permanent residency abroad, is a Chinese CPA. She graduated

from South China University of Technology with a master's degree in applied chemistry and studied EMBA in China Europe International Business School (CEIBS) from 2004 to 2007. However, she ever worked for Guangdong Kangyuan Certified Public Accountants, Guangzhou Securities Investment Banking Department, Guangzhou Gaojin Technology Industry Group Co., Ltd., Guangzhou Yiwen Environmental Technology Co., Ltd., and Guangdong Lihai Group Co., Ltd. in charge of business audit, taxation, listing recommendation, financial management as well as investment & financing management etc.. Now, she is a director of Changzhou Bbetter Film Technologies Co., Ltd..

2. Supervisors

(1) Zhenxiong Qi

Dr. Zhenxiong Qi has no permanent residency abroad. In 1992, he graduated from Huazhong Agricultural University with a major in freshwater aquaculture and later studied the master's degree in aquatic biology. In 1998, he graduated from Ocean University of China with a doctorate in aquaculture. He successively participated in the State Key Program of National Natural Science Foundation of China—Studies on the Optimization of Integrated Aquaculture Ecosystem Structure of Shrimps, the National Key Technologies R & D Program of China during the 8th Five-Year Plan Period—Studies on the Structural Optimization of Integrated Seawater and Pond Aquaculture System, National Climb—B Plan: Comprehensive R&D of Coastal Mud Flat in Shandong Province and was partially involved in the Shandong Provincial Natural Science Fund Project -- Saline-Alkali Soil Comprehensive R&D in Shandong Province. Meanwhile, he has also published many research papers and applied for two invention patents. In the field of animal nutrition and feed research, he has hosted or participated in a number of R&D projects in Guangzhou City and Panyu District, including Application of Biotechnology to Develop New Feed Protein Sources and Development, Demonstration and Promotion of Environment-friendly Shrimp Feeds; with respect to the aquatic animal farming and disease prevention & control, he has hosted or participated in relevant researches such as Demonstration and Promotion of the Healthy Farming Mode for Grass Carp, Study on the Prevention and Treatment of Fish Diseases by Using Chinese Herbal Medicines and Application of Microecological Preparations in Feed and Aquaculture, and has accumulated rich experience in aquaculture at the grass-roots level. From the day when he joins the Company on, he has mainly engaged in researches on feed nutrition, aquaculture and aquaculture ecology. Mr. Zhenxiong Qi holds 0.1% equity interests in the Company's controlling shareholder Guangzhou Haihao Investment Co., Ltd..

(2) Jing Wang

Ms. Jing Wang has no permanent residency abroad. In 2001, she graduated from China University of Science and Technology (USTC) with a major in management science. From 2006 to 2008, she studied and obtained the MBA degree at Cheung Kong Graduate School of Business. From 2001 to 2006, she respectively worked for iFLYTEK Co., Ltd., Shenzhen BW consulting Co., Ltd., and Tencent Technology Co., Ltd.. From early 2008 to 2010, she worked as a consultant at IBM China. From February 2012 on, she joined the Company and is currently the director of the Company's factory operations center.

(3) Jia Chen

Ms. Jia Chen has no permanent residency abroad. In 2005, she graduated from Hunan Business School, majoring in financial management; in 2008, she obtained the master's degree in management from Sun Yat-sen Business School. From July 2008 to June 2010, she worked for Hytera Communications Co., Ltd. and was engaged in financial work. In July 2010, she joined the Company and is now the Company's Financial Manager.

3. Senior Executives

(1) Mingzhong Chen

Mr. Mingzhong Chen, with no permanent residency abroad, has obtained the master's degree in business administration from Hong Kong Baptist University. In March 2000, he joined Guangzhou HAID and worked in the Company in January 2004. He served as the administrative and purchasing manager of several subsidiaries of the Company, and later was transferred to serve as the Company's purchasing director. Now, he is a Vice General Manager of the Company.

(2) Xueqiao Qian

Dr. Xueqiao Qian, with no permanent residency abroad, is an Associate Professor and has obtained the doctorate degree from the Institute of Hydrobiology, Chinese Academy of Science. He successively presided over or participated in the Hubei Provincial Natural Science Fund Project -- Development and Utilization of Feather Proteins in Fishery Feeds, the development projects of the State Key Laboratory of Freshwater Ecology and Biotechnology -- Effects of Nutrition Levels and Nutritional History on Fish's Growth and Activities, Research on the Feeding Behavior and Chemical Sensation of Allogynogenetic Crucian Carp, and Studies on the Utilization of Plant Protein by Main Cultured Freshwater Fish, the NSFC Project -- Studies on the Comparative Nutritional Energetics of Feed Protein Requirements of Carnivorous Fish and Omnivorous Fish, and the MOA's 948 project -- Artificial Propagation and Large-scale Aquaculture of Paddlefish etc.. Further, he has published more than 20 papers, of which, three papers were published in international publications and included in SCI. He joined the Company in 2004 and is mainly engaged in the aquatic animal nutrition and feed research and the development of new feed additives. Now, he is the chief engineer of the Company. Meanwhile, Mr. Xueqiao Qian holds 3% equity interests in the Company's controlling shareholder Guangzhou Haihao Investment Co., Ltd..

(3) Shaolin Yang

Mr. Shaolin Yang, with no permanent residency abroad, has obtained the master's degree. Graduated from Sun Yat-sen University with a major in Business Administration, he is also a senior accountant, certified public accountant, and certified tax accountant, and has been selected and listed into the expert database of the high-tech enterprises of Department of Science and Technology of Guangdong Province. From June 2005 to January 2008, he served as Financial Manager of Guangzhou KYH Metal Co., Ltd., and from December 2008 to April 2012, he served as Executive Director, CFO and Joint Secretary of KEE HOLDINGS COMPANY LIMITED (HK.02011). From May/June 2016 till now, he has served as a supervisor of Guangdong Association of Management Accountants (GAMA) and an off-campus tutor for master candidates in accounting of Sun Yat-sen Business School. In April 2012, he joined the Company and is currently the Company's CFO.

(4) Zhijian Huang

Mr. Zhijian Huang, with no permanent residency abroad, is an accountant and a bachelor's degree holder. In 2004, he joined the Company and was engaged in financial work. He successively served as the Financial Manager and the Securities Representative of the Company. And now he is a Vice General Manager and the Board Secretary of the Company.

Posts concurrently held in shareholding entities:

☒ Applicable ☐ Not applicable

Name	Shareholding entity	Post held in shareholding entity	Starting date of tenure	Ending date of tenure	Compensation or allowance from shareholding entity
Hua Xue	Guangzhou Haihao Investment Co., Ltd.	Executive director	September 27, 2006		None
Yingzhuo Xu	Guangzhou Haihao Investment Co., Ltd.	Supervisor	September 27, 2006		None
Note	None				

Posts held concurrently in other entities:

☒ Applicable ☐ Not applicable

Name	Other entity	Post held in other entity	Starting date of tenure	Ending date of tenure	Compensation or allowance from

					the entity
Hua Xue	Guangzhou Juchang Investment Co., Ltd.	Executive Director	March 9, 2011		None
Hua Xue	Guangdong Aerocity Holding Co., Ltd.	Director	January 21, 2015		None
Xiaojun Shang	CDH Investments Management (Hong Kong) Limited	Executive Director	October 1, 2010		Yes
Xiaojun Shang	CDH Nemo (HK) Limited	Executive Director	September 29, 2006		None
Chengping Lu	Nanjing Agriculture University	Professor	June 20, 1985		Yes
Xinchun Li	Sun Yat-Sen University	Professor	September 1, 1995		Yes
Xinchun Li	Guangzhou Yuetai Group Co., Ltd.	Independent Director	May 3, 2012	September 10, 2018	Yes
Xinchun Li	Guangzhou Digital Media Co., Ltd.	Independent Director	May 10, 2016	May 9, 2019	Yes
Erkang Deng	Changzhou Bbetter Film Technologies Co., Ltd.	Director	November 23, 2015		Yes
Mingzhong Chen	Guangzhou Guanglan Investment Co., Ltd.	Independent Director	July 26, 2013		None
Shaolin Yang	Guangdong Association of Management Accountants	Supervisor	May 18, 2016	May 18, 2021	None
Shaolin Yang	Sun Yat-Sen University	Extramural Tutor for master's degree students	June 5, 2016	June 5, 2019	Yes
Note	None				

Punishments imposed in the recent three years by the securities regulator on the incumbent directors, supervisors and senior management as well as those who left in the Reporting Period:

☐ Applicable ☒ Not applicable

IV Compensation of Directors, Supervisors and Senior Management

Decision-making procedure, determination basis and actual payments of compensation for directors, supervisors and senior management:

The compensation of the Company's directors, supervisors and senior management is in strict compliance with the Company's Rules of Procedure for Meetings of Shareholders (《股东大会议事规则》) and Rules of Procedure for Board (《董事会议事规则》), as well as with the Company Law and the Company's Articles of Association. The compensation is determined according to the Company's operating performance and these personnel's performance appraisal indicators.

Compensation of directors, supervisors and senior management in the Reporting Period:

Unit: RMB 0,000

Name	Office title	Gender	Age	Incumbent/Former	Total before-tax compensation from the Company	Compensation from related party
Hua Xue	Chairman of the Board and General Manager	Male		Incumbent	348.29	None
Yingzhuo Xu	Director and Vice General Manager	Male		Incumbent	118.36	None
Li Tian	Director and Vice General Manager	Female		Incumbent	263.24	None

Xiaojun Shang	Director	Female		Incumbent		None
Xinchun Li	Independent Director	Male		Incumbent	11	None
Erkang Deng	Independent Director	Female		Incumbent	11	None
Chengping Lu	Independent Director	Male		Incumbent	11	None
Zhenxiong Qi	Supervisor	Male		Incumbent	102.51	None
Jing Wang	Supervisor	Female		Incumbent	86.35	None
Jia Chen	Supervisor	Female		Incumbent	33.97	None
Mingzhong Chen	Vice General Manager	Male		Incumbent	84.13	None
Zhijian Huang	Board Secretary and Vice General Manager	Male		Incumbent	103.6	None
Shaolin Yang	Chief Financial Officer	Male		Incumbent	145.05	None
Xueqiao Qian	Chief Engineer	Male		Incumbent	131.12	None
Total	--	--	--	--	1,449.62	--

Equity incentives for directors, supervisors and senior management in the Reporting Period:

✓ Applicable □ Not applicable

Unit: share

Name	Office title	Exercisable shares in Reporting Period	Exercised shares in Reporting Period	Exercise price for exercised shares in Reporting Period (RMB/share)	Market price at period-end (RMB/share)	Opening restricted shares held	Unlocked shares in Reporting Period	Newly granted restricted shares in Reporting Period	Price for restricted shares newly granted (RMB/share)	Closing restricted shares held
Li Tian	Director and Vice General Manager	0	0			314,900	188,980		7.48	125,920
Zhijian Huang	Board Secretary and Vice General Manager	0	0			200,600	90,520		7.48	110,080
Shaolin Yang	Chief Financial Officer	0	0			175,200	85,440		7.48	89,760
Xueqiao Qian	Chief Engineer	0	0			258,500	169,300		7.48	89,200
Total	--	0	0	--	--	949,200	534,240.00	0	--	414,960
Remark (if any)		The restricted shares of the Company's directors and senior management in this table are in lockup.								

V Employees

1. Numbers, Functions and Educational Backgrounds of Employees

Number of in-service employees of Parent Company (Haid Group exclusive of subsidiaries)	1,027
Number of in-service employees of major subsidiaries	16,362

Total number of in-service employees	17,389
Total number of paid employees in Reporting Period	17,389
Number of retirees to whom Parent Company or its major subsidiaries need to pay retirement pension	0
Functions	
Function	Employees
Production	7,286
Sales	5,768
Technical	1,200
Financial	1,095
Administrative	1,664
Procurement	376
Total	17,389
Educational backgrounds	
Educational background	Employees
Doctoral degree	69
Master's degree	654
Bachelor's degree	3,699
Junior college	3,395
Senior high school, technical secondary school and below	9,572
Total	17,389

2. Employee Compensation Policy

(1) As per the Labor Contract Law of the People's Republic of China, as well as other applicable national and local laws and regulations, in order to regulate compensation with effective procedures and standards, the Company has formulated, taking its realities into consideration, a post and compensation system to help boost its development at present and in the future through offering industry-competitive compensation to its employees and aligning their performances to compensation to fully promote initiative and creativity among employees.

(2) The Company has formulated the Restricted Share and Share Option Incentive Plan (《限制性股票与股票期权激励计划》), the 2016 Restricted Share Incentive Plan (Revised Draft)(《2016 年限制性股票激励计划(修订稿)》) and the Key Personnel Stock Ownership Plan (《核心团队员工持股计划》) to cover more employees and more incentive means. These plans will help mobilize employees, bring more economic benefits, improve the compensation and incentive mechanism and better the corporate governance.

3. Employee Training Plans

The Company always places importance on the development of human resources and talents with a firm belief that staff development is an important power and resource for the Company's continuous development. The Company has established a multi-level training management system covering a wide range, possesses an excellent course development system and a systematic internal trainer development system and carries out broad-based and precise talent development through famous trainer courses, outdoor training, behavior learning, coach tutoring, Internet learning and other channels in an active effort to create opportunities for employees to enhance their abilities and competence; in 2018, the Company established the self-inspection mechanism covering "talent development mechanism, talent development platform operation and plan implementation, talent assessment and talent management self-inspection reports". The Company formulates annual training plans according to employees' requirements, its own development needs and self-inspection reports. In addition to organizing employees to participate in external training on all specialty systems, the Company conducts specialties or skills training through Haid College, the functional department of talent development, to enhance employees' specialty skills and professional competence.

4. Labor Outsourcing

☐ Applicable ☒ Not applicable

Section IX. Corporate Governance

I Overview

Since its establishment, the Company has continuously regulated its operations and improved its internal management system, comprehensively searched for any problem in the corporate governance, and rectified existing problems. Meanwhile, the Company has not only strictly observed relevant laws and regulations including Corporation Law and Securities Law etc., but also studied and implemented relevant requirements put forward by various regulatory agencies such as China Securities Regulatory Commission (CSRC), Shenzhen Stock Exchange, China Securities Regulatory Commission Guangdong Office so as to improve the corporate governance structure and upgrade the Company's standard operations. As of the end of the Reporting Period, the Company believes that the actual situation of the corporate governance meets the requirements of the normative documents, and has formed the corporate governance structure featuring a clear separation of powers and responsibilities, clear definition of their respective duties, checks and balances, scientific decision-making and coordinated operation.

1. The Establishment of the Company System

From the Company's listing to the end of the Reporting Period, the Company has formulated and strictly implemented various systems, including Articles of Association, Rules of Procedure of the Shareholders' General Meeting, Rules of Procedure of the Board, Working System of the Special Committee of the Board, Rules of Procedure of the Supervisory Committee, Independent Director System, Working Rules of General Manager, Code of Conduct of Directors, Supervisors and Senior Executives, Board Secretarial Work System, Related Party and Related Transaction Management System, Special Reserve and Use Management System of Raised Funds, Management Policy for Shares held by Directors, Supervisors and Senior Executives in the Company and Related Changes, Administrative Measures for the External Provision of Financial Assistance, Assessment and Management Methods for Stock Option Incentive Plans, Management Systems for Holding Subsidiaries, Registration Management System for Insider Information, Insider Information Registration and Filing System, Accountability System for Major Errors in Information Disclosure in Annual Reports, Futures Management System, Working Rules for Annual Reports by the Audit Committee, Investment Decision Management System, Investor Relations Management System, External Information User Management System, Information Disclosure System, Internal Reporting System for Major Information, Dividend Management System, Information Disclosure Management System for Debt Financing Instruments in the Inter-bank Bond Market, Investor Complaints Management System, The Implementation and Assessment Management Policies for the Restricted Stock and the Stock Option Incentive Plans, 2016 Annual Implementation and Assessment Management Policies for the Restricted Stock Option Assessment Plans, Foreign Exchange Hedging Management System and the Complaint and Complainant Protection System, etc., and the established sound internal control system in order to continuously improve the Company's governance structure and enhance the Company's governance level.

2. Shareholders and General Meeting

During the Reporting Period, the Company strictly adhered to applicable laws and regulations such as Corporation Law, Rules of the General Meeting of Listed Companies, Articles of Association, and Rules of Procedure of the General Meeting, as well as the Company's internal control rules, and standardized the convening, holding and voting procedures of the General Meeting to ensure that all Shareholders could be equal, and fully exercise their rights. In addition, as witnessed by the hired lawyers, the legitimacy of the meeting's convening, holding and voting procedures could be guaranteed, and relevant legitimate rights and interests of the Company and its shareholders could be secured as well. In 2018, two general meetings were convened and held by the Board in total; the convening, holding and voting procedures of such meetings were witnessed by the lawyers and all were legal and valid.

3. The Company and Its Controlling Shareholder

The Company has independent and complete businesses and independent management capabilities. It is completely independent from the controlling shareholder in terms of business, personnel, assets, organization, and finance. The controlling shareholder exercises its rights and assumes corresponding obligations in accordance with the law, and there is no direct or indirect interference with the Company's decision-making and business operation beyond the authority of the shareholders' general meeting. Meanwhile, the Company's Board, Supervisory Committee, and various internal functional departments are capable of independent operations. As of the Reporting Period, no controlling shareholder of the Company ever occupied the capital of the listed Company, and no listed Company illegally provided any controlling shareholder with any guarantee.

4. Directors and the Board

Strictly in accordance with Corporation Law, Articles of Association, Rules of Procedure of the Board and Independent Director System, the Company has elected and appointed various directors, and such election and appointment procedures are open, fair and just. Besides, the composition and number of directors meet relevant legal and regulatory requirements. The members for the Company's 4th session of Board are all nominated, approved and elected by the Board by means of the cumulative voting system. Currently, there are 7 directors, including 3 independent directors. Independent directors occupy more than one third of all directors and their qualifications are in accordance with Guidance Opinions on the Establishment of Independent Director System in Listed Companies.

All directors of the Company have performed their duties in strict compliance with relevant laws, regulations, and regulatory documents, attended all board meetings and carried out related works in a serious and responsible manner, and firmly conformed to any statement and commitment made by directors. However, independent directors have full right to know about the Company's major issues and can issue independent opinions on major issues without being influenced.

The Board has established the audit committee, the remuneration and appraisal committee, the strategy committee and the nomination committee. Each committee can exercise its functions in accordance with its work rules and make due contributions to the standardization of corporate governance. In the meantime, the Board is able to carry out its work in strict accordance with relevant laws and regulations. All directors of the Company are honest and trustworthy, diligent and responsible, attend corresponding board meetings and shareholders' meetings with a serious attitude, actively participate in relevant training, and are familiar with relevant laws and regulations.

5. Supervisors and the Supervisory Committee

The Company has strictly observed Corporation Law, Articles of Association and other relevant regulations to appoint supervisors. The 4th session of the Supervisory Committee consists of three supervisors, including two shareholder supervisors and one employee supervisor. The number and composition of the Supervisory Committee meet relevant requirements stipulated in applicable laws and regulations. However, the shareholder representative supervisors are elected by adopting the cumulative voting system, and the employee supervisors are elected and appointed by means of the employees' assembly in the form of secret ballot. The number of supervisors that served as directors or senior management personnel of the Company in recent two years does not exceed one half of the total number of supervisors of the Company, and the number of supervisors nominated by a single shareholder does not exceed one half of the total number of supervisors of the Company.

The Company's supervisors can earnestly fulfill their responsibilities in accordance with Rules of Procedure of the Supervisory Committee, effectively supervise and inspect the Company's major issues, related transactions, the use of funds raised, the legality and compliance of duties performed by the Company's directors and senior management, and maintain legitimate rights and interests of the Company and its shareholders.

6. Stakeholders

The Company fully respects and safeguards legitimate rights and interests of relevant stakeholders, realizes the coordinated balance of interests of the society, shareholders, the Company, and employees etc., sincerely treats suppliers and customers, earnestly cultivates every employee, develops the mutual benefit and win-win cooperation with relevant stakeholders, and jointly promotes the Company's sustained, healthy and rapid development.

7. Information Disclosure and Transparency

Pursuant to relevant laws and regulations, the Company's Information Disclosure System, Investor Relations Management System and Information Disclosure Management System for Debt Financing Instruments in the Inter-bank Bond Market, the Company has disclosed corresponding information in a true, accurate, complete and timely manner to ensure that all shareholders have equal access to such information.

The Company has designated the board secretary in charge of the Company's information disclosure and investor relations management, and the securities department serves as the executive department for information disclosure and investor relations management. The Company pays special attention to communicate with investors and will strengthen communication with investors by various means such as telephone, e-mail, and investor relations interactive platform etc.

8. Internal Audit System

The Company has established the complete internal audit system and set up the internal audit department in charge of the effective internal supervision of the Company's daily operations.

9. Investor Relations Management

The Company has always attached great importance to the management of investor relations, carried out related works in accordance with Investor Relations Management System and other systems, implemented the investor relations management by various means such as Shenzhen Stock Exchange investor relations interactive platform, investor hot-lines, and reception of investors etc., strengthened the communication with investors, and fully guaranteed the investors' right to know.

The corporate governance is a systematic and long-term project that requires continuous improvement. After the Company is successfully listed, it is willing to accept supervisions from all parties, adhere to the scientific outlook on development, constantly improve the corporate governance system, and strengthen the implementation of various laws and regulations to promote the healthy development of the Company and enhance the overall competitiveness.

The implementation of the Company's special activities of corporate governance and that of the insider information registration management system are described as follows:

1. The implementation of the Company's special activities of corporate governance

In accordance with the Issuance and Printing of Notice on Education Materials for the Fraud Risk Warning Involved in the Acquisition and Reorganization of the Listed Companies (GDZJF [2018] No. 135) (广东证监发[2018]135号《关于印发上市公司并购重组涉及诈骗风险警示教育材料的通知》), the Company attached great importance to it and organized its directors, supervisors and senior managers to study the case materials diligently and learn a lesson from market experience at an in-depth level.

According to the Notice on Diligently Studying and Implementing the Newly Revised Code of Corporate Governance for Listed Companies (GDZJF [2018] No. 147) (广东证监发[2018]147号《关于认真学习贯彻新修订的<上市公司治理准则>的通知》), 认真组织学习、梳理《公司章程》), the Company earnestly organized the study and review of the Articles of Incorporation and relevant policies, reinforced Party building, increased the transparency of the Company's information disclosure, carried out promotion and implementation targeting its controlling shareholder and related parties, valued the safeguard of shareholders' rights and interests, proactively implemented new development concepts, carried out standard corporate actions, enhanced internal governance level, protected investors' illegitimate rights and interests and promoted the guiding principles and requirements for the sound development of capital market.

In accordance with the Notice on Carrying Out the Themed Promotional Activity of "Constitution Promotion

Week” of 2018 (GDZJF [2018] No. 162) (广东证监发[2018]162 号《关于开展 2018 年“宪法宣传周”主题宣传活动的通知》), the Company established a special group to strengthen the awareness of its directors, supervisors, senior managers, other employees and investors to further uphold, study, observe, safeguard and apply the Constitution through training, lectures, Internet platform-based communication and other ways.

2. Formulation and Implementation of Confidential Information Insiders Registration and Management System

According to Corporation Law, Securities Law, Management Policies for Information Disclosure of Listed Companies, Stock Listing Rules of Shenzhen Stock Exchange, Guidelines for the Operation of Listed Companies on SME Boards of Shenzhen Stock Exchange, Regulations on the Establishment of Insiders Registration and Management System by Listed Companies and other relevant laws, regulations, and Articles of Association, Proposal of Establishing Insider Information Registration and Filing System was deliberated and approved at the 11th meeting of the 1st session of Board on April 13, 2010; Proposal of Deliberating Insider Information Registration and Management System at the 18th meeting of the 2nd session of Board on December 29, 2011. The two proposals were respectively disclosed on the website (<http://www.cninfo.com.cn>) on April 15, 2010 and on December 31, 2011. The Company properly carried out corresponding information insider registration and reporting works strictly according to relevant requirements and systems, and recorded and revealed the list of all information insiders and relevant reports, communications, formulation, resolutions and disclosures before any information was disclosed. If any special event is involved and the list of the information insider's close relatives (spouse, parents and offspring) was required, the Company also finished corresponding registration and reporting work. During the Reporting Period, the Company notified all directors, supervisors, senior management personnel and relevant information insiders that they were not allowed to buy and sell the Company's stocks within the window period by means of SMS and e-mail 30 days before the disclosure of regular reports and 10 days before the disclosure of earnings forecasts and Preliminary Earnings Estimate, and conducted an internal audit on the buying and selling of the Company's stocks by directors, supervisors, senior management personnel and relevant information insiders. During the Reporting Period, no information insider was ever involved in the illegal buying and selling of the Company's stocks, and no relevant personnel was suspected of being involved in insider trading and was imposed some supervision measures and administrative penalties by competent regulatory departments.

Indicate by tick market whether there is any material incompliance with the regulatory documents issued by the CSRC governing the governance of listed companies.

☐ Yes ☒ No

No such incompliance.

II The Company's Independence from Controlling Shareholder in Business, Personnel, Asset, Organizational Structure and Financial Affairs

With independent and complete business and self-dependent operating ability, the Company is completely independent from its controlling shareholder in business, personnel, asset, organizational structure and financial affairs. The controlling shareholder exercises its rights and shoulders its corresponding obligations according to law, with no direct or indirect intervention in the Company's decision-making and operating activities by going beyond the General Meeting.

1. Independence in Business

The Company has an independent and complete business operation system, with all the necessary conditions and abilities to carry out production and operational activities and extend its business in an independent manner. Therefore, the Company is independent from its controlling shareholder in doing business with its controlling shareholder or any of the controlling shareholder's related parties.

2. Independence in Personnel

The Company's senior management and key technical staff all work full time for and get paid by the Company. None of them hold any post other than director or supervisor in or get paid by the controlling shareholder, the

actual controller or any other company under their control.

3. Independence in Asset

The Company owns its own production and operation venues, as well as is able to control all of its assets with complete, clear ownership. The Company has never provided guarantees for any shareholder's liability with its assets or credit, nor has it lent any loan or credit line under its name to any shareholder. None of the Company's assets, capital or other resources is occupied to harm the interests of the Company.

4. Independence in Organizational Structure

The Company has a sound, clear organizational structure. Its Board, Supervisory Committee and all other functional departments are able to operate in an independent manner. The Company's organizational structure is complete independent from its controlling shareholder, with no interventions from the controlling shareholder of any of its related parties in this respect. All the Company's departments perform their duties independently, with no overlap between the Company's organizational structure and its controlling shareholder's.

5. Independence in Financial Affairs

As per the applicable laws and regulations, the Company has put in place a sound, well-established financial management system. It has an independent accounting system and an independent financial department with professional financial staff, who hold no posts in the controlling shareholder or any of its related parties. The Company has its own bank account, not sharing the same account with its controlling shareholder. And it pays its own taxes by law. And the Company is able to use its self-owned capital at its sole discretion, with none of its capital being occupied by the controlling shareholder or it having to provide any guarantee for the controlling shareholder against laws and regulations.

III Horizontal Competition

☐ Applicable ☒ Not applicable

IV Annual and Non-Operating General Meetings Convened during Reporting Period

1. General Meetings Convened during Reporting Period

Meeting	Type	Investor participation ratio	Date	Disclosure date	Index to disclosed information
2017 Annual General Meeting	Annual	63.61%	14 May 2018	15 May 2018	Announcement on Resolutions of 2017 Annual General Meeting (No. 2018-034) disclosed on Securities Times, China Securities Journal, Securities Daily and www.cninfo.com.cn
First Non-Operating General Meeting of 2018	Non-operating	62.89%	14 November 2018	15 November 2018	Announcement on Resolutions of First Non-Operating General Meeting of 2018 (No. 2018-064) disclosed on Securities Times, China Securities Journal, Securities Daily and www.cninfo.com.cn

2. Non-operating General Meetings Convened at Request of Preferred Shareholders with Resumed Voting Rights

☐ Applicable ☒ Not applicable

V Performance of Duties by Independent Directors in Reporting Period

1. Attendances of Independent Directors at Board Meetings and General Meetings

Attendances of independent directors at board meetings and general meetings							
Independent director	Due attendances at board meetings in Reporting Period	Attendances at board meetings on site	Attendances at board meetings by telecommunication	Attendances at board meetings through a proxy	Absences at board meetings	Not attending board meetings in person for twice in a row	Attendances at general meetings
Chengping Lu	5	3	2	0	0	N/A	1
Xinchun Li	5	5	0	0	0	N/A	0
Erkang Deng	5	5	0	0	0	N/A	1

Explanation for any independent director not attending board meetings in person for twice in a row:

Not applicable.

2. Objections Raised by Independent Directors on Matters of the Company

Indicate by tick mark whether any independent director raised any objection on any matter of the Company.

☐ Yes ☒ No

No such cases in the Reporting Period.

3. Other Information about Performance of Duties by Independent Directors

Indicate by tick mark whether any suggestions from independent directors were adopted by the Company.

☒ Yes ☐ No

Suggestions of independent directors adopted or non-adopted by the Company:

During the Reporting Period, the Company's independent directors performed their duties in strict accordance with the Company Law, the Code of Corporate Governance for Listed Companies in China, the Guidelines of the Shenzhen Stock Exchange for the Standard Operation of Listed Companies on the Small and Medium-Sized Enterprise Board, the Directive on Establishment of Independent Director System in Listed Companies, the Rules for Independent Directors and other applicable laws and regulations, as well as the Company's Articles of Association. Upon an in-depth knowledge about the Company's production and operation status obtained through attending the Company's board meetings and general meetings, as well as through on-site investigations, the independent directors carefully exercised their voting rights and effectively performed their duties. The independent directors issued independent, just opinions on the Company's continuing related-party transactions, employee investment, profit distribution, deposit and use of raised funds, 2017 Annual Internal Control Self-Assessment Report (《公司 2017 年度内部控制自我评价报告》), provision of guarantees for external parties, adjustments to the exercise prices and repurchase prices of its restricted share and stock option incentive plan, provision of guarantees for its wholly-owned and controlled subsidiaries, re-employment of the CPA firm and other matters arising during the Reporting Period. All the independent directors' suggestions and opinion were accepted by the Company during the Reporting Period, which protected the interests of the Company as a whole, as well as the legal interests of the shareholders, especially the minority shareholders.

VI Performance of Duties by Specialized Committees under Board in Reporting Period

1. The Audit Committee under the fourth Board convened a total of eight meetings during the Reporting Period, at which the Company's periodic reports, the quarterly related-party transactions, the matter concerning the occupation of the Company's funds by its controlling shareholder or other related parties, changes to the accounting policies, the work report of the internal audit department, etc. were reviewed, and the person-in-charge

of internal audit was nominated. The Audit Committee also communicated with the external auditors on the audit of the 2017 annual financial statements and urged the audit progress. As such, the Audit Committee has faithfully fulfilled its supervision and examination duties.

2. Performance of Duties by Compensation and Appraisal Committee under Board

The Compensation and Appraisal Committee under the fourth Board convened a total of five meetings during the Reporting Period to improve the post and compensation systems, as well as to push forward the implementation of the equity incentive plan, the core team stock ownership plan and the employee investment plan.

3. Performance of Duties by Nomination Committee under Board

The Nomination Committee under the fourth Board convened a total of two meetings during the Reporting Period to review the core management candidates and offer advice according to the Company's operating status and asset scale.

4. Performance of Duties by Strategy Committee under Board

The Strategy Committee under the fourth Board convened a total of two meetings during the Reporting Period to discuss and offer advice on the hedging business, the production capacity plan, etc.

VII Performance of Duties by Supervisory Board

Indicate by tick mark whether the Supervisory Board found any risk to the Company during its supervision in the Reporting Period.

☐ Yes ☒ No

The Supervisory Board raised no objections in the Reporting Period.

VIII Appraisal of and Incentive for Senior Management

1. Appraisal of Senior Management

The Company has put in place a senior management selection, appraisal, incentive and restrictive system. All appointed by and being responsible to the Board, senior management shoulders the operating indicators set by the Board. The Compensation and Appraisal Committee under the Board is responsible for a year-end appraisal of senior management's service ability, performance of duties and fulfillment of objectives, among others. And then the committee formulates a compensation plan for the Board's review. During the Reporting Period, the Company duly restricted its senior management as per the applicable laws and regulations by aligning their compensation with their and the Company's performances.

2. Incentive for Senior Management

For details, see "Part V Significant Events", "XV Implementation of Equity Incentive Plans, Employee Stock Ownership Plans or Other Employee Incentive Measures" herein.

IX Internal Control Assessment Report

1. Material Internal Control Deficiencies Identified for Reporting Period

☐ Yes ☒ No

2. Internal Control Self-Assessment Report

Disclosure date of internal control self-assessment report	16 April 2019	
Index to disclosed internal control self-assessment report	www.cninfo.com.cn	
Assessed entities' combined assets as a percentage of consolidated total assets	100.00%	
Assessed entities' combined sales revenue as a percentage of consolidated sales revenue	100.00%	
Internal control deficiency identification standards		
Type	Financial-reporting related	Non-financial-reporting related
Nature standard	A material deficiency refers to a deficiency or a deficiency group that consists of multiple deficiencies that may cause a great deviation from the control objective. It is considered a material financial-reporting internal control deficiency if any of the following cases occurs: (1) Any of the Company's directors, supervisors or senior management is involved in a serious fraud; (2) The Company corrects its disclosed financial statements for multiple times; (3) certified public accountants identifies a material misstatement in the current financial statements which the Company has failed to identify during its internal control process; or (4) The Company's Audit Committee and internal audit organ maintain invalid supervision over internal control. A serious deficiency refers to a single deficiency or a deficiency group including other deficiencies that is less serious than a material deficiency but may still cause a deviation from the control objective. It is considered a serious financial-reporting internal control deficiency if any of the following cases occurs: (1) The Company does not select and adopt its accounting policies as per the generally accepted accounting standards; (2) The Company does not formulate anti-fraud procedures or control measures; (3) The Company has no control systems for the accounting treatment of non-conventional or special transactions; or (4) There are one or multiple deficiencies in controls over the financial reporting process and there is no reasonable assurance that the financial statements prepared are truthful and accurate. An ordinary deficiency refers to any deficiency that is neither a material deficiency nor a serious deficiency.	Material deficiencies: (1) The internal control environment is invalid; (2) Any leak of insider information about any investment in external parties, asset restructuring, etc. against regulations causes any severe fluctuations in the Company's stock price or any materially adverse impact on the Company's image; (3) The violation of the Company's decision-making procedure in any significant event causes a significant economic loss to the Company; or (4) The independent auditor identifies any other material deficiencies in the Company. Serious deficiencies: (1) The Company provides any guarantee or conducts any derivative financial instrument transaction without due authorization or performance of the corresponding information disclosure duty; (2) A severe loss of key talent occurs; (3) The Company is punished or a materially adverse impact is made to its image due to deviation from governing policies, measurement errors, etc.; (4) The independent auditor identifies any other serious deficiencies in the Company. An ordinary deficiency refers to any deficiency that is neither a material deficiency nor a serious deficiency.
Quantitative standard	Material deficiency: misstated amount $\geq$ 5% of net asset value. Serious deficiency: 3% of net asset value $\leq$ misstated amount $<$ 5% of net asset value. Ordinary deficiency: misstated amount $<$ 3% of net asset value.	Material deficiency: the direct loss caused to the Company $\geq$ RMB 1 million. Serious deficiency: RMB 0.5 million $\leq$ the direct loss caused to the Company $<$ RMB 1 million. Ordinary deficiency: the direct loss caused to the Company $<$ RMB 0.5 million.

Number of material financial-reporting internal control deficiencies	0
Number of material non-financial-reporting internal control deficiencies	0
Number of serious financial-reporting internal control deficiencies	0
Number of serious non-financial-reporting internal control deficiencies	0

X Independent Auditor's Report or Verification Report on Internal Control

Verification report on internal control

Opinion paragraph in the verification report on internal control	
In our opinion, Guangdong Haid Group Co., Limited maintained, in all material respects, effective internal control over financial reporting as of 31 December 2018, based on the Basic Rules on Enterprise Internal Control (《企业内部控制基本规范》) and other control standards.	
Independent auditor's report on internal control disclosed or not	Disclosed
Disclosure date	16 April 2019
Index to such report disclosed	http://www.cninfo.com.cn
Type of the verification opinion	Unmodified unqualified opinion
Material non-financial-reporting internal control deficiencies	None

Indicate whether any modified opinion is expressed in the CPA firm's verification report on the Company's internal control.

☐ Yes ☒ No

Indicate whether the CPA firm's verification report on the Company's internal control is consistent with the internal control self-assessment report issued by the Company's Board.

☒ Yes ☐ No

Section X. Corporate Bonds

Does the Company have any corporate bonds publicly offered and listed on the stock exchange, which were undue before the date of this Report's approval or were due but could not be redeemed in full?

No.

Section XI. Financial Statements

Independent Auditor's Report

GKSZ [2019] No. G18031440036

To the Shareholders of Guangdong Haid Group Co., Limited

I. Opinion

We have audited the financial statements of Guangdong Haid Group Co., Limited (the "Company"), which comprise the consolidated and parent company balance sheets as of 31 December 2018, the consolidated and parent company statements of income, cash flows and changes in owners' equity for the year then ended, as well as the notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated and parent company financial position of the Company at 31 December 2018, and the consolidated and parent company operating results and cash flows for the year then ended, in conformity with the Chinese Accounting Standards for Business Enterprises (CAS).

II. Basis for Opinion

We conducted our audits in accordance with the Audit Standards for Chinese Registered Accountants. Our responsibilities under those standards are further described in the Auditor's Responsibilities for Audit of Financial Statements section of our report. We are independent of the Company in accordance with the China Code of Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the said Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(I) Revenue Recognition

1. Description

Haid Group is mainly engaged in feed production and sales. In 2018, Haid Group's operating revenue was RMB 42,157 million, up by 29.49% year-on-year. As operating revenue is one of the key performance indicators of Haid Group with a substantial increase, we identify revenue recognition as a key audit matter.

Please refer to 26. "Revenue" in Note III to the Financial Statements for the accounting policy on the recognition of operating revenue, and Note V. "Operating Revenue and Operating Cost" to the Financial Statements for the disclosure of operating revenue.

2. How Our Audit Addressed the Key Audit Matter

(1) We understood and assessed the effectiveness of the management's design and operation of key internal control related to revenue recognition and tested the effectiveness of key control implementation;

(2) We carried out a spot check on important sales contracts to identify the contract terms and conditions related to the risk and remuneration transfer in respect of commodity ownership and evaluated whether Haid Group's accounting policy of revenue recognition complied with the accounting standards for business enterprises;

(3) We executed analytical review procedures to judge the reasonableness of changes in sales revenue and gross margin; examined the monthly average sales price of Haid Group's main products, and compared it with market trade prices as well as the data in the same period of the previous period;

(4) We paid attention to new customers in the reporting period, obtained the archival information of new important customers, searched their relevant information through public channels and conducted assessment on whether they were related parties of Haid Group;

(5) We inspected supporting documents related to revenue recognition, including extracting sales statements to review related purchase and sales contracts, delivery notes, bills of lading, weighing notes, bank receipt notes, and monthly statements of account for sales, and verified and analyzed Haid Group's ERP system data and the sales volume and amount in its financial system;

(6) We selected samples and executed external confirmation procedures in respect of revenue to evaluate whether the revenue amount was accurate and complete;

(7) We conducted sample tests on the sales revenue recognized around the balance sheet date and evaluated whether it was recognized in the appropriate period based on stocktaking.

(II) Allowance for Doubtful Accounts Receivable

1. Description

As of 31 December 2018, the balance of the Company's accounts receivable stood at RMB 1,230.04 million, with an allowance of RMB 133.90 million for doubtful accounts receivable. For further information, see note III of the financial statements,

item 11 under the heading “Accounts Receivable” and note V, item 3 under the heading “Notes and Accounts Receivable”. When assessing the recoverability of an account receivable, the Company’s management shall consider the age of the account, the payment history of the indebted and the indebted’s ability to pay, among others. As the balance of the Company’s accounts receivable was of a large amount and it involved complex and significant judgments of the Company’s management in making the allowance for doubtful accounts receivable, we paid attention to the estimate of the allowance for doubtful accounts receivable as a key audit matter.

2. How Our Audit Addressed the Key Audit Matter

1) We obtained an understanding of the management’s key internal controls over financial reporting associated with credit risk control, recovery of accounts and estimate of allowance for doubtful accounts receivable, and evaluated how effectively these internal controls were designed and worked.

2) With respect to the overdue accounts receivable, we communicated with the management to learn about the information about the major indebted parties and the management’s assessment on the recoverability of these accounts.

3) We evaluated whether the management’s policy for doubtful accounts for the current period was consistent with the prior year, evaluated the appropriateness of the methods and assumptions adopted by the management in making the allowance for doubtful accounts receivable, and reviewed whether the allowance was sufficient.

4) We implemented an external confirmation procedure on certain selected accounts receivable with a significant balance and crosschecked the amounts recorded by the Company with the confirmation results.

5) We checked the relevant payment history and the information about payments after the balance sheet date.

(III) Impairment in Goodwill

1. Description

As of 31 December 2018, the balance of the Company’s goodwill stood at RMB 389.40 million, with an allowance of RMB 8.79 million for impairment in goodwill. For further information, see note III of the financial statements, item 23 under the heading “Impairments in Long-Lived Assets” and note V, item 19 under the heading “Goodwill”. The Company’s management shall test goodwill at least annually to determine whether any impairment loss shall be recognized. The management tests goodwill for impairment by estimating the recoverable amounts of the asset groups that goodwill is allocated to, and then comparing these recoverable amounts with the carrying value of those asset groups and goodwill. To estimate the recoverable amounts involves estimating the present value of the future cash flows the asset groups are expected to generate. When estimating, the management needs to make significant judgments and assumptions, including the determination of key parameters such as the future selling price, the cost of production, the operating expense, the discount rate and the growth rate. As the goodwill impairment test involved a complex process and the significant judgments of the Company’s management, we paid close attention to the

goodwill impairment during our audit.

2. How Our Audit Addressed the Key Audit Matter

1) We obtained an understanding of the key internal controls associated with impairment in goodwill, evaluated the effectiveness of their design and execution, as well as tested how effectively these internal controls worked.

2) We analyzed the key assumptions and methods adopted by the management in identifying the asset group of goodwill and carrying out the impairment test on goodwill, as well as evaluated the appropriateness of the valuation methods used by the management in estimating the cash flows.

3) We compared the relevant asset groups' actual results in 2018 with their corresponding estimates made in the prior year to evaluate the reliability of the management's estimates on cash flows. We evaluated the appropriateness of the sheet of recoverable amount estimates of goodwill asset groups prepared by the management by comparing the financial data on the sheet with the actual operating data, the operating plans and the budgets approved by the management.

4) We discussed with the management about the possibility of changes to the key assumptions, as well as evaluated the appropriateness of the key assumptions such as the future revenue growth rate, the forecast gross margin percentage, the expense ratio and the discount rate that the management used in estimating the cash flows.

5) We examined the investment agreements, the performance commitments and the acquisition evaluation reports, evaluated the pertinence and appropriateness of the valuation specialists' work results or conclusions, as well as evaluated the competence, professionalism and objectivity of the independent valuation specialists, so as to recheck the appropriateness of the Company's judgment of impairment signs in goodwill, taking into consideration the investees' operating status .

6) We tested whether the calculation of the net present value of future cash flows was correct.

IV. Other Information

The Company's management is responsible for the other information. The other information comprises all of the information included in the Company's 2018 Annual Report other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have

nothing to report in this regard.

V. Responsibilities of Management and Those Charged with Governance for Financial Statements

The Company's management is responsible for the preparation of the financial statements that give a fair view in accordance with CAS, and for designing, implementing and maintaining such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

VI. Auditor's Responsibilities for Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- (4) Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material

uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required by CAS to draw users' attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any noteworthy deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

GP Certified Public Accountants (SGP)

Chinese CPA: Hongfei Xian

(Engagement Partner)

Chinese CPA: Shuxia Zhang

Guangzhou

China

13 April 2019

1. Consolidated Balance Sheet

[English translation for reference only]

Prepared by Guangdong Haid Group Co., Limited

Unit: RMB

Item	31 December 2018	31 December 2017
Current assets:		
Monetary assets	1,735,409,838.58	1,392,046,440.33
Settlement reserve		
Interbank loans granted		
Financial assets measured at fair value	49,672,592.73	9,601,140.00
Derivative financial assets		
Notes and accounts receivable	1,106,645,567.06	779,494,456.16
Including: Notes receivable	10,509,311.36	19,209,112.07
Accounts receivable	1,096,136,255.70	760,285,344.09
Prepayments	424,850,022.62	744,735,722.57
Premiums receivable		
Reinsurance receivables		
Receivable reinsurance contract reserve		
Other receivables	502,215,573.25	362,001,494.47
Including: Interest receivable	1,794,497.12	1,802,621.51
Dividends receivable		
Financial assets purchased under resale agreements		
Inventories	4,843,780,132.17	3,383,848,292.19
Assets classified as held for sale		
Current portion of non-current assets	903,000.00	
Other current assets	628,751,210.59	214,976,686.51
Total current assets	9,292,227,937.00	6,886,704,232.23
Non-current assets:		
Loans and advances to customers	157,600.00	
Available-for-sale financial assets	323,421,350.00	283,721,350.00
Held-to-maturity investments		
Long-term receivables	17,519,129.52	10,531,182.97
Long-term equity investments	38,614,535.85	32,554,508.11
Investment property	46,397,156.64	78,309,684.87
Property, plant and equipment	4,555,480,833.77	3,760,863,514.36
Construction in progress	724,011,706.23	331,973,573.26
Productive living assets	56,828,507.31	17,121,846.74
Oil and gas assets		
Intangible assets	928,766,148.39	846,002,659.79
R&D expense	2,776,367.58	6,936,387.95
Goodwill	380,610,061.82	294,540,631.48
Long-term prepaid expense	231,144,073.09	195,501,009.05
Deferred income tax assets	456,499,156.68	289,789,208.00
Other non-current assets	311,209,297.18	125,906,914.12
Total non-current assets	8,073,435,924.06	6,273,752,470.70

Total assets	17,365,663,861.06	13,160,456,702.93
Current liabilities:		
Short-term borrowings	2,715,954,867.69	2,303,898,763.70
Borrowings from central bank		
Customer deposits and deposits from banks and other financial institutions		
Interbank loans obtained		
Financial liabilities measured at fair value	46,271,790.00	18,771,309.55
Derivative financial liabilities		
Notes and accounts payable	1,512,857,075.94	1,228,192,300.58
Advances from customers	1,307,260,014.70	1,187,389,466.67
Financial assets sold under repurchase agreements		
Handling charges and commissions payable		
Payroll payable	596,600,236.73	532,053,872.59
Taxes payable	118,589,643.19	75,977,766.22
Other payables	461,701,978.92	564,214,951.83
Including: Interest payable	25,144,934.16	5,188,104.75
Dividends payable	6,250,397.10	8,880,810.40
Reinsurance payables		
Insurance contract reserve		
Payables for acting trading of securities		
Payables for underwriting of securities		
Liabilities directly associated with assets classified as held for sale		
Current portion of non-current liabilities	31,352,957.13	
Other current liabilities	160,521,969.41	97,919,123.92
Total current liabilities	6,951,110,533.71	6,008,417,555.06
Non-current liabilities:		
Long-term borrowings	1,842,910,000.00	
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Long-term payables	115,622,929.75	101,574,138.86
Long-term payroll payable	64,891,859.13	72,463,249.40
Provisions		
Deferred income	68,368,132.23	75,417,073.10
Deferred income tax liabilities	98,834,372.34	65,655,212.14
Other non-current liabilities		
Total non-current liabilities	2,190,627,293.45	315,109,673.50
Total liabilities	9,141,737,827.16	6,323,527,228.56
Owners' equity:		
Share capital	1,581,211,084.00	1,575,237,054.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	2,010,778,182.22	1,849,285,839.41

Less: Treasury shares	251,038,100.40	302,540,781.00
Other comprehensive income	7,600,777.65	-2,771,414.88
Specific reserve		
Surplus reserves	518,730,727.06	381,963,650.77
General reserve		
Retained earnings	3,878,656,406.43	2,973,520,338.94
Total equity attributable to shareholders of Company (Haid Group exclusive of subsidiaries)	7,745,939,076.96	6,474,694,687.24
Non-controlling interests	477,986,956.94	362,234,787.13
Total owners' equity	8,223,926,033.90	6,836,929,474.37
Total liabilities and owners' equity	17,365,663,861.06	13,160,456,702.93

Legal representative: Hua Xue

Vice General Manager: Li Tian

Chief Financial Officer: Shaolin Yang

2. Balance Sheet of the Parent Company [English translation for reference only]

Unit: RMB

Item	31 December 2018	31 December 2017
Current assets:		
Monetary assets	1,236,624,716.15	908,775,398.48
Financial assets measured at fair value	49,293,017.73	2,295,520.00
Derivative financial assets		
Notes and accounts receivable		
Including: Notes receivable		
Accounts receivable		
Prepayments	22,254,307.76	2,658,800.00
Other receivables	6,996,953,598.79	5,222,717,073.27
Including: Interest receivable	8,630.13	964,410.93
Dividends receivable	35,271,940.95	35,271,940.95
Inventories	17,550.00	526,200.00
Assets classified as held for sale		
Current portion of non-current assets		
Other current assets	34,776,246.75	102,510,705.87
Total current assets	8,339,919,437.18	6,239,483,697.62
Non-current assets:		
Available-for-sale financial assets	292,900,000.00	252,000,000.00
Held-to-maturity investments		
Long-term receivables	1,527,302.50	1,518,902.50
Long-term equity investments	3,103,551,860.05	2,446,634,148.53
Investment property	36,316,499.75	57,508,103.78
Property, plant and equipment	206,423,560.87	188,151,399.29
Construction in progress	17,989,781.29	2,110,291.85
Productive living assets		
Oil and gas assets		
Intangible assets	91,340,568.10	54,052,625.93
R&D expense		
Goodwill		

Long-term prepaid expense	20,848,132.10	19,999,474.32
Deferred income tax assets	190,619,356.04	99,958,215.87
Other non-current assets	2,659,873.34	1,719,904.77
Total non-current assets	3,964,176,934.04	3,123,653,066.84
Total assets	12,304,096,371.22	9,363,136,764.46
Current liabilities:		
Short-term borrowings	2,168,367,337.60	1,651,081,274.16
Financial liabilities measured at fair value	32,630,290.00	18,003,916.36
Derivative financial liabilities		
Notes and accounts payable	3,323,382.83	3,841,782.78
Advances from customers		
Payroll payable	121,078,753.60	117,090,429.49
Taxes payable	2,024,745.82	6,008,234.23
Other payables	1,872,126,815.24	2,200,918,173.68
Including: Interest payable	17,572,923.73	4,568,756.23
Dividends payable		3,841,961.69
Liabilities directly associated with assets classified as held for sale		
Current portion of non-current liabilities	27,891,871.77	
Other current liabilities	24,112,595.05	7,221,463.77
Total current liabilities	4,251,555,791.91	4,004,165,274.47
Non-current liabilities:		
Long-term borrowings	1,499,750,000.00	
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Long-term payables	79,288,904.41	101,574,138.86
Long-term payroll payable		
Provisions		
Deferred income	9,166,812.14	13,360,846.55
Deferred income tax liabilities	24,340,746.74	8,977,906.64
Other non-current liabilities		
Total non-current liabilities	1,612,546,463.29	123,912,892.05
Total liabilities	5,864,102,255.20	4,128,078,166.52
Owners' equity:		
Share capital	1,581,211,084.00	1,575,237,054.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	2,089,547,854.24	1,914,381,221.12
Less: Treasury shares	251,038,100.40	302,540,781.00
Other comprehensive income		
Specific reserve		
Surplus reserves	518,730,727.06	381,963,650.77
Retained earnings	2,501,542,551.12	1,666,017,453.05
Total owners' equity	6,439,994,116.02	5,235,058,597.94
Total liabilities and owners' equity	12,304,096,371.22	9,363,136,764.46

3. Consolidated Income Statement [English translation for reference only]

Unit: RMB

Item	2018	2017
1. Total operating revenue	42,156,628,800.11	32,556,634,127.38
Including: Sales revenue	42,156,628,800.11	32,556,634,127.38
Interest revenue		
Premium revenue		
Handling charge and commission revenue		
2. Total operating costs	40,607,996,956.95	31,270,302,771.79
Including: Cost of sales	37,615,586,184.77	28,979,578,692.42
Interest expense		
Handling charge and commission expense		
Surrenders		
Net claims paid		
Net amount provided as insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium expense		
Taxes and surtaxes	53,140,738.34	47,090,570.89
Selling expense	1,377,926,458.68	1,070,474,010.85
Administrative expense	967,112,552.40	793,314,667.24
R&D expense	309,167,320.66	253,923,095.49
Financial expenses	219,052,330.92	80,452,779.18
Including: Interest expense	195,385,979.67	99,628,632.10
Interest income	32,211,787.13	15,769,534.30
Impairment losses on assets	66,011,371.18	45,468,955.72
Add: Other income	56,101,876.75	42,654,676.14
Return on investment ("-" for loss)	151,089,721.85	174,653,719.01
Including: Share of profit or loss of joint ventures and associates	6,349,268.04	6,438,634.76
Gain on changes in fair value ("-" for loss)	12,578,735.85	-32,550,170.35
Gains on foreign exchange ("-" for loss)		
Gains on assets disposal ("-" for loss)	66,161.29	6,037,071.03
3. Operating income ("-" for loss)	1,768,468,338.90	1,477,126,651.42
Add: Non-operating gain	26,850,623.85	27,157,205.00
Less: Non-operating loss	29,115,910.11	22,219,213.88
4. Pretax income ("-" for loss)	1,766,203,052.64	1,482,064,642.54
Less: Income tax expense	282,262,891.74	255,604,928.97
5. Net income ("-" for net loss)	1,483,940,160.90	1,226,459,713.57
5.1 Net income from continuing operations ("-" for net loss)	1,483,940,160.90	1,226,459,713.57

5.2 Net income from discontinued operations ("-" for net loss)		
Net income attributable to shareholders of Company	1,437,281,732.28	1,207,225,209.35
Net income attributable to non-controlling interests	46,658,428.62	19,234,504.22
6. Other comprehensive income, net of tax	6,647,951.72	-16,856,264.57
Attributable to shareholders of Company	10,372,192.53	-17,920,338.94
6.1 Items that will not be reclassified to profit or loss		
6.1.1 Changes caused by remeasurements on defined benefit pension schemes		
6.1.2 Other comprehensive income that will not be reclassified to profit or loss under equity method		
6.2 Items that will be reclassified to profit or loss	10,372,192.53	-17,920,338.94
6.2.1 Other comprehensive income that will be reclassified to profit or loss under equity method		
6.2.2 Gain/Loss on changes in fair value of available-for-sale financial assets		
6.2.3 Gain/Loss arising from reclassification of held-to-maturity investments to available-for-sale financial assets		
6.2.4 Effective gain/loss on cash flow hedges		
6.2.5 Differences arising from translation of foreign currency-denominated financial statements	10,372,192.53	-17,920,338.94
6.2.6 Other		
Attributable to non-controlling interests	-3,724,240.81	1,064,074.37
7. Total comprehensive income	1,490,588,112.62	1,209,603,449.00
Attributable to shareholders of Company	1,447,653,924.81	1,189,304,870.41
Attributable to non-controlling interests	42,934,187.81	20,298,578.59
8. Earnings per share		
8.1 Basic earnings per share	0.90	0.78
8.2 Diluted earnings per share	0.90	0.78

Where business combinations involving entities under common control occurred in the current period, the net income achieved by the acquirees before the combinations was RMB 0.00, with the amount for last year being RMB 0.00.

Legal representative: Hua Xue

Vice General Manager: Li Tian

Chief Financial Officer: Shaolin Yang

4. Income Statement of the Parent Company [English translation for reference only]

Unit: RMB

Item	2018	2017
1. Sales revenue	661,222,883.80	1,029,514,416.38

Less: Cost of sales	285,175,292.67	439,252,584.03
Taxes and surtaxes	2,767,521.84	3,995,041.77
Selling expense	5,641,884.77	7,711,441.89
Administrative expense	270,389,544.81	230,911,938.22
R&D expense	107,532,183.91	85,463,563.72
Financial expenses	38,461,499.24	111,099,746.02
Including: Interest expense	223,995,781.91	141,628,029.01
Interest income	243,898,312.87	8,591,264.87
Impairment losses on assets	456,330.36	422,915.16
Add: Other income	21,096,700.35	15,292,953.28
Return on investment (“-” for loss)	1,380,654,166.66	755,967,175.94
Including: Share of profit or loss of joint ventures and associates	1,415,674.66	4,968,619.45
Gain on changes in fair value (“-” for loss)	32,371,124.09	-21,458,656.36
Gains on assets disposal (“-” for loss)	108,699.39	-42,365.88
2. Operating income (“-” for loss)	1,385,029,316.69	900,416,292.55
Add: Non-operating gain	1,020,334.93	8,389,798.83
Less: Non-operating loss	3,837,704.11	2,500,860.63
3. Pretax income (“-” for loss)	1,382,211,947.51	906,305,230.75
Less: Income tax expense	14,541,184.65	53,100,513.47
4. Net income (“-” for net loss)	1,367,670,762.86	853,204,717.28
4.1 Net income from continuing operations (“-” for net loss)	1,367,670,762.86	853,204,717.28
4.2 Net income from discontinued operations (“-” for net loss)		
5. Other comprehensive income, net of tax		
5.1 Items that will not be reclassified to profit or loss		
5.1.1 Changes caused by remeasurements on defined benefit pension schemes		
5.1.2 Other comprehensive income that will not be reclassified into profit or loss under equity method		
5.2 Items that will be reclassified to profit or loss		
5.2.1 Other comprehensive income that will be reclassified into profit or loss under equity method		
5.2.2 Gain/Loss on changes in fair value of available-for-sale financial assets		
5.2.3 Gain/Loss arising from reclassification of held-to-maturity investments to available-for-sale financial assets		
5.2.4 Effective gain/loss on cash flow hedges		
5.2.5 Differences arising from translation of foreign currency-denominated financial statements		
5.2.6 Other		

6. Total comprehensive income	1,367,670,762.86	853,204,717.28
7. Earnings per share		
7.1 Basic earnings per share	0.88	0.55
7.2 Diluted earnings per share	0.87	0.55

5. Consolidated Cash Flow Statement [English translation for reference only]

Unit: RMB

Item	2018	2017
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	42,363,896,562.98	33,544,235,792.90
Net increase in customer deposits and deposits from banks and other financial institutions		
Net increase in loans from central bank		
Net increase in loans from other financial institutions		
Premiums received on original insurance contracts		
Net proceeds from reinsurance		
Net increase in deposits and investments of policy holders		
Net increase in proceeds from disposal of financial assets measured at fair value		
Interest, handling charges and commissions received	6,884,283.07	3,813,764.79
Net increase in interbank loans obtained		
Net increase in proceeds from repurchase transactions		
Tax rebates	3,976,919.18	4,055,969.22
Cash generated by other operating activities	195,267,579.00	122,605,560.15
Subtotal of cash generated by operating activities	42,570,025,344.23	33,674,711,087.06
Payments for commodities and services	37,973,414,188.87	30,201,765,337.10
Net increase in loans and advances to customers	38,061,650.95	83,000,000.00
Net increase in deposits in central bank and in interbank loans granted		
Payments for claims on original insurance contracts		
Interest, handling charges and commissions paid		
Policy dividends paid		
Cash paid to and for employees	2,016,327,516.26	1,574,349,631.70
Taxes paid	426,702,091.03	336,639,740.76
Cash used in other operating activities	1,079,755,890.79	984,734,921.65
Subtotal of cash used in operating activities	41,534,261,337.90	33,180,489,631.21
Net cash flows from operating activities	1,035,764,006.33	494,221,455.85
2. Cash flows from investing activities:		
Proceeds from disposal of investments	2,457,440,496.06	5,669,875,076.07
Proceeds from return on investment	166,471,732.10	146,117,647.30
Net proceeds from disposal of property, plant and equipment, intangible assets and other long-lived assets	6,105,301.75	13,252,851.86
Net proceeds from disposal of subsidiaries or other business units		958,489.00

Cash generated by other investing activities		8,476,759.52
Subtotal of cash generated by investing activities	2,630,017,529.91	5,838,680,823.75
Payments for acquisition of property, plant and equipment, intangible assets and other long-lived assets	1,865,168,774.84	1,217,177,723.12
Payments for investments	2,402,156,863.96	5,579,486,677.45
Net increase in pledged loans granted		
Net payments for acquisition of subsidiaries and other business units	361,835,034.57	113,461,906.70
Cash used in other investing activities	6,408,820.50	
Subtotal of cash used in investing activities	4,635,569,493.87	6,910,126,307.27
Net cash flows from investing activities	-2,005,551,963.96	-1,071,445,483.52
3. Cash flows from financing activities:		
Capital contributions received	136,908,348.00	327,389,343.50
Including: Capital contributions by non-controlling interests to subsidiaries	65,943,800.00	25,299,553.50
Increase in borrowings obtained	10,116,305,455.54	4,110,549,588.79
Net proceeds from issuance of bonds		
Cash generated by other financing activities	37,170,911.00	6,280,000.00
Subtotal of cash generated by financing activities	10,290,384,714.54	4,444,218,932.29
Repayment of borrowings	7,847,774,255.00	3,379,431,630.10
Payments for interest and dividends	614,429,249.87	591,778,280.22
Including: Dividends paid by subsidiaries to non-controlling interests	42,490,812.96	22,988,242.97
Cash used in other financing activities	88,128,013.51	46,616,282.75
Subtotal of cash used in financing activities	8,550,331,518.38	4,017,826,193.07
Net cash flows from financing activities	1,740,053,196.16	426,392,739.22
4. Effect of foreign exchange rate changes on cash and cash equivalents	13,626,961.96	-11,986,940.56
5. Net increase in cash and cash equivalents	783,892,200.49	-162,818,229.01
Add: Cash and cash equivalents, beginning of the period	1,374,275,559.37	1,537,093,788.38
6. Cash and cash equivalents, end of the period	2,158,167,759.86	1,374,275,559.37

6. Cash Flow Statement of the Parent Company [English translation for reference only]

Unit: RMB

Item	2018	2017
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	8,332,610.14	71,845,730.20
Tax rebates		
Cash generated by other operating activities	41,512,928,148.04	32,951,754,273.32
Subtotal of cash generated by operating activities	41,521,260,758.18	33,023,600,003.52
Payments for commodities and services	18,480,816.33	59,012,599.76
Cash paid to and for employees	222,416,623.80	181,288,504.44

Taxes paid	39,624,617.16	23,543,243.63
Cash used in other operating activities	42,795,594,148.00	32,845,898,890.01
Subtotal of cash used in operating activities	43,076,116,205.29	33,109,743,237.84
Net cash flows from operating activities	-1,554,855,447.11	-86,143,234.32
2. Cash flows from investing activities:		
Proceeds from disposals of investment	1,931,379,749.20	5,369,301,067.20
Proceeds from return on investment	1,397,231,774.19	99,996,233.35
Net proceeds from disposal of property, plant and equipment, intangible assets and other long-lived assets	544,017.66	1,141,720.28
Net proceeds from disposal of subsidiaries or other business units	2,238,220.00	958,489.00
Cash generated by other investing activities		179,022.57
Subtotal of cash generated by investing activities	3,331,393,761.05	5,471,576,532.40
Payments for acquisition of property, plant and equipment, intangible assets and other long-lived assets	70,540,678.28	50,274,773.33
Payments for investments	2,616,900,961.00	5,403,930,223.20
Net payments for acquisition of subsidiaries and other business units	103,551,689.52	147,551,210.48
Cash used in other investing activities		
Subtotal of cash used in investing activities	2,790,993,328.80	5,601,756,207.01
Net cash flows from investing activities	540,400,432.25	-130,179,674.61
3. Cash flows from financing activities:		
Capital contributions received	70,964,548.00	302,089,790.00
Increase in borrowings obtained	8,348,492,403.47	3,005,727,422.39
Net proceeds from issuance of bonds		
Cash generated by other financing activities	37,170,911.00	6,280,000.00
Subtotal of cash generated by financing activities	8,456,627,862.47	3,314,097,212.39
Repayment of borrowings	6,450,594,963.03	2,705,581,498.23
Payments for interest and dividends	606,766,251.69	611,069,308.32
Cash used in other financing activities	34,000,331.32	46,616,282.75
Sub-total of cash used in financing activities	7,091,361,546.04	3,363,267,089.30
Net cash flows from financing activities	1,365,266,316.43	-49,169,876.91
4. Effect of foreign exchange rate changes on cash and cash equivalents	-5,857,072.90	890,027.26
5. Net increase in cash and cash equivalents	344,954,228.67	-264,602,758.58
Add: Cash and cash equivalents, beginning of the period	891,104,487.48	1,155,707,246.06
6. Cash and cash equivalents, end of the period	1,236,058,716.15	891,104,487.48

7. Consolidated Statements of Changes in Owners' Equity [English translation for reference only]

2018

Unit: RMB

Item	2018												
	Equity attributable to shareholders of Company (Haid Group exclusive of subsidiaries)										Non-controlling interests	Total owners' equity	
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Specific reserve	Surplus reserves	General reserve			Retained earnings
Preferred shares		Perpetual bonds	Other										
1. Closing balance of prior year	1,575,237,054.00				1,849,285,839.41	302,540,781.00	-2,771,414.88		381,963,650.77		2,973,520,338.94	362,234,787.13	6,836,929,474.37
Add: Adjustments for changed accounting policies													
Adjustments for corrections of previous errors													
Adjustments for business combinations involving enterprises under common control													
Other adjustments													
2. Balances as of beginning of the year	1,575,237,054.00				1,849,285,839.41	302,540,781.00	-2,771,414.88		381,963,650.77		2,973,520,338.94	362,234,787.13	6,836,929,474.37
3. Increase/decrease in the period (“-” for	5,974,030.00				161,492,342.81	-51,502,680.60	10,372,192.53		136,767,076.29		905,136,067.49	115,752,169.81	1,386,996,559.53

decrease)												
3.1 Total comprehensive income						10,372,192.53				1,437,281,732.28	42,934,187.81	1,490,588,112.62
3.2 Capital increased and reduced by owners	5,974,030.00				78,666,740.59	-42,608,730.60					69,838,830.92	197,088,332.11
3.2.1 Common shares increased by owners	5,974,030.00				51,265,457.40	-42,608,730.60					65,943,800.00	165,792,018.00
3.2.2 Capital increased by holders of other equity instruments												
3.2.3 Share-based payments included in owners' equity					32,414,924.98						1,609,910.93	34,024,835.91
3.2.4 Other					-5,013,641.79						2,285,119.99	-2,728,521.80
3.3 Profit distribution						-8,893,950.00			136,767,076.29	-532,145,664.79	-42,300,348.27	-428,784,986.77
3.3.1 Appropriation to surplus reserves									136,767,076.29	-136,767,076.29		
3.3.2 Appropriation to general reserve												
3.3.3 Appropriation to owners (or shareholders)						-8,893,950.00				-395,378,588.50	-42,300,348.27	-428,784,986.77
3.3.4 Other												
3.4 Carryforwards within owners' equity												
3.4.1 Increase												

in capital (or share capital) from capital reserves												
3.4.2 Increase in capital (or share capital) from surplus reserves												
3.4.3 Surplus reserves used to make up losses												
3.4.4 Changes in defined benefit pension schemes transferred to retained earnings												
3.4.5 Other												
3.5 Specific reserve												
3.5.1 Withdrawn for the period												
3.5.2 Used during the period												
3.6 Other				82,825,602.22							45,279,499.35	128,105,101.57
4. Balances as of end of the period	1,581,211,084.00			2,010,778,182.22	251,038,100.40	7,600,777.65		518,730,727.06		3,878,656,406.43	477,986,956.94	8,223,926,033.90

[English translation for reference only]

2017

Unit: RMB

Item	2017										
	Equity attributable to shareholders of Company									Non-controlling interests	Total owners' equity
	Share capital	Other equity instruments	Capital reserves	Less: Treasury shares	Other comprehensive income	Specific reserves	Surplus reserves	General reserves	Retained earnings		

		Pr efe rre d sh are s	Pe rp etu al bo nd s	Ot he r					er ve				
1. Closing balance of prior year	1,541,428,454.00				1,512,859,968.55	40,893,365.00	15,148,924.06		296,643,179.04		2,324,405,117.52	158,519,570.46	5,808,111,848.63
Add: Adjustments for changed accounting policies													
Adjustments for corrections of previous errors													
Adjustments for business combinations involving enterprises under common control													
Other adjustments													
2. Balances as of beginning of the year	1,541,428,454.00				1,512,859,968.55	40,893,365.00	15,148,924.06		296,643,179.04		2,324,405,117.52	158,519,570.46	5,808,111,848.63
3. Increase/decrease in the period (“-” for decrease)	33,808,600.00				336,425,870.86	261,647,416.00	-17,920,338.94		85,320,471.73		649,115,221.42	203,715,216.67	1,028,817,625.74
3.1 Total comprehensive income							-17,920,338.94				1,207,225,209.35	20,298,578.59	1,209,603,449.00
3.2 Capital increased and reduced by owners	33,808,600.00				279,442,640.29	275,380,456.00						28,916,249.40	66,787,033.69
3.2.1 Common shares	33,808,600.00				242,371,250.00	275,380,456.00						32,017,319.08	32,816,713.08

increased by owners												
3.2.2 Capital increased by holders of other equity instruments												
3.2.3 Share-based payments included in owners' equity					36,559,604.70						1,616,746.51	38,176,351.21
3.2.4 Other					511,785.59						-4,717,816.19	-4,206,030.60
3.3 Profit distribution						-13,733,040.00			85,320,471.73	-558,109,987.93	-28,027,091.68	-487,083,567.88
3.3.1 Appropriation to surplus reserves									85,320,471.73	-85,320,471.73		
3.3.2 Appropriation to general reserve												
3.3.3 Appropriation to owners (or shareholders)						-13,733,040.00				-472,789,516.20	-28,027,091.68	-487,083,567.88
3.3.4 Other												
3.4 Carryforwards within owners' equity												
3.4.1 Increase in capital (or share capital) from capital reserves												
3.4.2 Increase in capital (or share capital) from surplus reserves												
3.4.3 Surplus reserves used to												

make up losses												
3.4.4 Changes in defined benefit pension schemes transferred to retained earnings												
3.4.5 Other												
3.5 Specific reserve												
3.5.1 Withdrawn for the period												
3.5.2 Used during the period												
3.6 Other					56,983,230.57						182,527,480.36	239,510,710.93
4. Balances as of end of the period	1,575,237,054.00				1,849,285,839.41	302,540,781.00	-2,771,414.88		381,963,650.77	2,973,520,338.94	362,234,787.13	6,836,929,474.37

8. Parent Company Statements of Changes in Owners' Equity

[English translation for reference only]

2018

Unit: RMB

Item	2018										
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Specific reserve	Surplus reserves	Retained earnings	Total owners' equity
		Preferred shares	Perpetual bonds	Other							
1. Closing balance of prior year	1,575,237,054.00				1,914,381,221.12	302,540,781.00			381,963,650.77	1,666,017,453.05	5,235,058,597.94
Add: Adjustments for changed accounting policies											
Adjustments for											

corrections of previous errors											
Other adjustments											
2. Balances as of beginning of the year	1,575,237,054.00				1,914,381,221.12	302,540,781.00			381,963,650.77	1,666,017,453.05	5,235,058,597.94
3. Increase/decrease in the period ("-" for decrease)	5,974,030.00				175,166,633.12	-51,502,680.60			136,767,076.29	835,525,098.07	1,204,935,518.08
3.1 Total comprehensive income										1,367,670,762.86	1,367,670,762.86
3.2 Capital increased and reduced by owners	5,974,030.00				85,290,293.31	-42,608,730.60					133,873,053.91
3.2.1 Common shares increased by owners	5,974,030.00				82,147,943.11	-42,608,730.60					130,730,703.71
3.2.2 Capital increased by holders of other equity instruments											
3.2.3 Share-based payments included in owners' equity					3,142,350.20						3,142,350.20
3.2.4 Other											
3.3 Profit distribution						-8,893,950.00			136,767,076.29	-532,145,664.79	-386,484,638.50
3.3.1 Appropriation to surplus reserves									136,767,076.29	-136,767,076.29	
3.3.2 Appropriation to owners (or shareholders)						-8,893,950.00				-395,378,588.50	-386,484,638.50

3.3.3 Other											
3.4 Carryforwards within owners' equity											
3.4.1 Increase in capital (or share capital) from capital reserves											
3.4.2 Increase in capital (or share capital) from surplus reserves											
3.4.3 Surplus reserves used to make up losses											
3.4.4 Changes in defined benefit pension schemes transferred to retained earnings											
3.4.5 Other											
3.5 Specific reserve											
3.5.1 Withdrawn for the period											
3.5.2 Used during the period											
3.6 Other					89,876,339.81						89,876,339.81
4. Closing balance of the period	1,581,211,084.00				2,089,547,854.24	251,038,100.40			518,730,727.06	2,501,542,551.12	6,439,994,116.02

[English translation for reference only]

2017

Unit: RMB

Item	2017										
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Specific reserve	Surplus reserves	Retained earnings	Total owners' equity
		Preferred shares	Perpetual bonds	Other							
1. Closing balance of prior year	1,541,428,454.00				1,569,915,182.39	40,893,365.00			296,643,179.04	1,370,922,723.70	4,738,016,174.13
Add: Adjustments for changed accounting policies											
Adjustments for corrections of previous errors											
Other adjustments											
2. Balances as of beginning of the year	1,541,428,454.00				1,569,915,182.39	40,893,365.00			296,643,179.04	1,370,922,723.70	4,738,016,174.13
3. Increase/decrease in the period (“-” for decrease)	33,808,600.00				344,466,038.73	261,647,416.00			85,320,471.73	295,094,729.35	497,042,423.81
3.1 Total comprehensive income										853,204,717.28	853,204,717.28
3.2 Capital increased and reduced by owners	33,808,600.00				280,547,601.21	275,380,456.00					38,975,745.21
3.2.1 Common shares increased by owners	33,808,600.00				242,721,548.00	275,380,456.00					1,149,692.00
3.2.2 Capital increased by holders of other equity instruments											

3.2.3 Share-based payments included in owners' equity					37,826,053.21						37,826,053.21
3.2.4 Other											
3.3 Profit distribution						-13,733,040.00			85,320,471.73	-558,109,987.93	-459,056,476.20
3.3.1 Appropriation to surplus reserves									85,320,471.73	-85,320,471.73	
3.3.2 Appropriation to owners (or shareholders)						-13,733,040.00				-472,789,516.20	-459,056,476.20
3.3.3 Other											
3.4 Carryforwards within owners' equity											
3.4.1 Increase in capital (or share capital) from capital reserves											
3.4.2 Increase in capital (or share capital) from surplus reserves											
3.4.3 Surplus reserves used to make up losses											
3.4.4 Changes in defined benefit pension schemes transferred to retained earnings											
3.4.5 Other											
3.5 Specific reserve											

3.5.1 Withdrawn for the period											
3.5.2 Used during the period											
3.6 Other					63,918,437.52						63,918,437.52
4. Closing balance of the period	1,575,237,054.00				1,914,381,221.12	302,540,781.00			381,963,650.77	1,666,017,453.05	5,235,058,597.94

I Company Profile

1. General Information

Guangdong Haid Group Co., Limited (formerly known as “Guangdong Haid Industrial Co., Ltd.” or “Guangdong Haid Group Limited”, and hereinafter referred to as the “Company”) was incorporated with joint investments from natural persons Hua Xue, Yingzhuo Xu, Tan Lili, Luo Qiang and Xiewu Jiang. The Company was registered with the Guangdong Province Administration for Industry and Commerce on January 8, 2004. It has obtained the business license issued by the Guangdong Province Administration for Industry and Commerce with a unified social credit code of 914400007578948436.

On May 17, 2007, as per the Reply on Approval of Change of Guangdong Haid Group Limited to Foreign-Invested Limited Liability Company (SZP [2007] No. 905) issued by the Ministry of Commerce of the People’s Republic of China, Guangdong Haid Group Limited as a whole changed into Guangdong Haid Group Co., Limited with December 31, 2006 as the base day. The Company went public on the Shenzhen Stock Exchange in November 2009.

As of December 31, 2018, the total shares of the Company was 1,581,211,084, of which 36,447,514 were restricted shares, accounting for 2.31% of the total shares, and 1,544,763,570 were non-restricted shares, accounting for 97.69% of the total shares.

2. Industry Category the Company Belongs to

The Company competes in the feed industry.

3. Business Nature and Principal Business Activities

The production of feed and additives (operated by branches and subsidiaries with required licenses), as well as the related technological development and services; livestock, poultry and aquatic farming and processing, as well as the related technological development and services; the wholesale, commission agency service (excluding auction service) and import and export (where a quota license is required or specialized regulations are imposed, the quota license is obtained and the specialized regulations are complied with in the operations) of the said products, raw materials of feed and agricultural and sideline products; and the purchase of grain.

4. Registered Address

Room 701, Building 2, Haid Mansion, No. 42, Road 4, Wangbo, Nancun Town, Panyu Dist, Guangzhou, China.

5. Address of Headquarters

Room 701, Building 2, Haid Mansion, No. 42, Road 4, Wangbo, Nancun Town, Panyu Dist, Guangzhou, China.

6. Basic Organizational Structure

The Company has set up the general meeting, Board of Directors, Supervisory Committee and other organizations in accordance with the Company Law and the Company’s Articles of Association. The general meeting is the Company’s highest authority.

7. Approval of Financial Statements for Issue

The 2018 annual financial statements have been authorized for issue by the Company's Board on April 13, 2019.

8. Scope of Consolidated Financial Statements

A total of 272 subsidiaries were included in the scope of the consolidated financial statements of the current year. For further information, please refer to "VII Interests in Other Entities" herein. 45 entities were added into and 1 entity was removed from the consolidation scope of the current year when compared to that of last year. For more information, see "VI Changes in Consolidation Scope" herein.

II Basis for Preparation of Financial Statements

1. Basis for Preparation

The Company and its subsidiaries (hereinafter referred to as the "Group") are on the going-concern basis and in line with the actual transactions and events, corresponding recognition and measurement are conducted according to Accounting Standards for Business Enterprises (ASBE)--Basic Standards, and relevant provisions stipulated in various specific accounting standards, application guidance and Explanations on Standards, on which basis, financial statements are prepared and formulated.

2. Going Concern

The Company is capable for continuing operations for at least 12 months from the end of the reporting period, and has no significant event that will affect its ability in continuing operations.

III Critical Accounting Policies and Estimates

1. Statement on Compliance with ASBE

The financial statements prepared by the Group are in compliance with Accounting Standards for Business Enterprises, and truly and completely reflect the Group's financial status, operating results and cash flow and other relevant information.

2. Accounting Period

The Group's accounting period adopts the Gregorian calendar, and a fiscal year shall be from January 1 to December 31 of the Gregorian calendar.

3. Operating Cycle

The Group has regarded 12 months as one operating cycle which shall be the basis for the classification of the liquidity of assets and liabilities.

4. Recording Currency

The Company and its domestic subsidiaries shall adopt Renminbi as the recording currency. When an overseas subsidiary engages in overseas operations, it shall choose the currency prevailing in the main economic environment in which it operates as the recording currency. The monetary unit for these financial statements shall be RMB.

5. Accounting Treatment for Business Combination Involving Entities under Common Control and that not under Common Control

(1) Business Combination Involving Entities under Common Control

The assets and liabilities acquired by the Group in a business combination are measured at the carrying value of the consolidated party in the final controller's consolidated statements on the day of combining. The combining party shall adjust the capital reserve (share capital premium) by taking the difference between the carrying value of the owner's equity of the combined party in the consolidated financial statements of the final controller and the carrying value of the consideration paid by the combining party; if the capital reserve (share capital premium) is not sufficient for offset, retained earnings shall be adjusted.

Direct expenses incurred from such business combination shall be included in the current profits or losses.

(2) Business Combination Involving Entities not under Common Control

For the business combination involving entities not under common control, the combining costs burdened by the purchasing party and the net identifiable assets acquired through such combination shall be measured at their fair value on the day of purchasing. When the combining costs is more than the fair value of the net identifiable assets of the purchased party on the day of purchasing, the difference shall be recognized as Goodwill; otherwise, such difference shall be included in the current profits or losses.

Direct expenses incurred from such business combination shall be included in the current profits or losses.

For the business combination involving entities not under common control realized step by step through various transactions, the equities held in the purchased party before the day of purchasing shall be remeasured at the fair value on the day of purchasing, and the difference between the fair value and the carrying value shall be included in the current income from investment; if the equities held in the purchased party before the day of purchasing involve other comprehensive earnings, such comprehensive earnings shall be transferred into the income from investment during the period (involving the day of purchasing). Goodwill shall be the difference between the sum of the fair value of the equities previously held in the purchased party and the fair value of the consideration paid on the day of purchasing, and the fair value of net identifiable assets acquired from subsidiaries on the day of purchasing.

6. Methods of Preparing Consolidated Financial Statements

The Company and its subsidiaries shall be included in the scope of consolidated financial statements, and the financial status, operating results and cash flow from the beginning of such control to the end of such control shall be reflected in these financial statements.

For subsidiaries obtained through business combination involving entities under common control, when the financial statements during this period are prepared and consolidated, it shall be deemed that the combined subsidiaries have been included in the Group's scope of consolidation upon the

control over them by the Group's final controller, and the opening balance of the consolidated financial statements and the previous comparative statements shall be accordingly adjusted. When the Group is preparing the consolidated financial statements, various assets and liabilities of the consolidated subsidiaries upon the control over such subsidiaries by the Group's final controller shall be combined into the Group's consolidated balance sheet at their carrying value, the operating results the Group's consolidated profit statement, and the cash flow the Group's consolidated cash flow statement. However, the net income realized by the consolidated subsidiaries before the day of combining shall be separately reflected and listed in the consolidated profit statement.

For subsidiaries obtained through business combination involving entities not under common control, when the financial statements during this period are prepared and consolidated, relevant financial statements of subsidiaries shall be adjusted based on the fair value of various identifiable assets and liabilities recognized on the day of purchasing, and from the day of purchasing on, the assets, liabilities and operating results of the purchased subsidiaries shall be reflected and included in the Group's financial statements.

The Group shall purchase stock equities from minority shareholders of its subsidiaries. The capital reserve in the consolidated balance sheet shall be adjusted according to the difference between the costs resulting from purchasing the newly-acquired long-term equity investment from minority shareholders and the net identifiable assets held in the subsidiary that will be continuously calculated according to the newly-increased shareholding ratio from the day of purchasing (or the day of combining) on; if the capital reserve is not sufficient for offset, retained earnings shall also be adjusted.

The shareholder's equity and the net current profits or losses of the subsidiaries not belonging to the Group shall be respectively and separately reflected and listed under Shareholder's Equity and Net income in the consolidated financial statements as Minority Equity and Minority Profits or Losses. If the current losses burdened by minority shareholders of the subsidiaries exceed their shares held in Owner's Equity at the beginning of this period, the difference shall be applied to offset Minority Equity.

When any subsidiary applies different accounting period or policies from that applied by the Group, necessary adjustments shall be made to the subsidiary's financial statements according to the Group's accounting period or policies. During the business combination, all significant transactions and balances within the Group's scope of combination, including the unrealized profits or losses on internal transactions, are offset. The unrealized losses on internal transactions shall be all recognized if there is any evidence proving that such losses are relevant assets impairment losses.

7. Classification of Joint Arrangement and Accounting Treatment Methods for Joint Operation

Joint arrangement refers to an arrangement involving two or above participators for common control, and can be classified into Joint Operation and Joint Venture.

Joint Operation refers to an arrangement involving the Group and other parties for common control, in which way, the Group shall own related assets and burden related liabilities resulting from such arrangement.

The Group shall strictly adhere to the following principles for recognizing various items related to the quantum of interest resulting from such joint operation:

- recognize the assets separately held and that jointly held by shares;
- recognize the liabilities separately assumed and that jointly assumed by shares;

- recognize the income from selling the output shares held through joint operation;
- recognize the income from selling the output shares held through joint operation by shares;
- recognize the expenses separately incurred, and that resulting from joint operation by shares.

8. Standards for Recognition of Cash and Cash Equivalents

The Group's Cash refers to the Group's cash on hand and deposits available for payment at any time; the Group shall recognize any investment featuring short holding period (no more than 3 months usually), strong liquidity, easy conversion into the known amount and low risk in value changes as cash equivalents in accordance with ASBE -- Cash Flow Statement.

9. Foreign Currency Transactions

(1) Determination of Conversion Exchange Rate for Foreign Currency Transactions and Accounting Treatment Methods

When the Group's foreign currency transactions are initially recognized, they shall be converted into the amount in the form of recording currency according to the spot rate on the day of transaction or the rate approximating such spot rate (usually, it refers to the middle rate of the foreign exchange rate published by the People's Bank of China). On the balance sheet date, the foreign currency monetary items shall be converted based on the spot rate on the balance sheet date. For the resulting currency translation differences, the difference resulting from the foreign currency loans related to the purchasing, construction or production of assets meeting corresponding capitalization requirements shall be capitalized according to ASBE No.17: Borrowing Costs, and the rest shall be included in current profits or losses. Foreign currency non-monetary items measured at the fair value shall be converted based on the spot rate on the day when the fair value is recognized, and the resulting exchange difference shall be included in current profits or losses or other comprehensive earnings. The amount resulting from the impact of changes in exchange rate on the cash shall be separately presented and listed in the cash flow statement.

(2) Conversion Methods for Foreign Currency Items on the Balance Sheet Date and Accounting Treatments for the Conversion of Foreign Currency Statements

On the balance sheet date, the assets and liabilities items in the balance sheet shall be converted based on the spot rate on the balance sheet date, and except Undistributed Profits under Owner's Equity, other items shall be converted based on the then spot rate. Undistributed Profits shall be presented based on the converted amount in the statement of changes in stockholder's equity. Incomes and expenses in the profit statement shall be converted based on the exchange rate approximating the spot rate on the day of transaction that is determined by using systematical and reasonable methods. The difference resulting from such conversion shall be presented under Other Comprehensive Earnings in Owner's Equity. The amount resulting from the impact of changes in exchange rate on the cash shall be separately presented and listed in the cash flow statement.

10. Financial Instruments

(1) Classification of Financial Instruments

According to the purpose of financial assets and financial liabilities held and assumed by the Group's management, financial instruments shall be classified into financial assets or liabilities measured at fair value, including trading financial assets or liabilities (and directly-designated financial assets or liabilities at fair value through profit or loss); loans and accounts receivable; available-for-sale financial assets; other financial liabilities etc..

(2) Recognition Basis and Measurement Methods for Financial Instruments

① Financial Assets Measured at Fair Value

Trading financial assets and designated financial assets measured at fair value shall be included. The Group's financial assets measured at fair value are all trading financial assets.

Trading financial assets shall meet one of the following requirements:

- A. The financial asset is obtained mainly for sale or buy-back in the near future;
- B. It is a part of identifiable financial instruments portfolio under centralized management, and any objective evidence proves that the Group has recently managed the portfolio by using the short-term profit method;
- C. It belongs to the derivative instrument, but it's designated as the derivative instrument for the effective arbitrage tool, and belongs to the derivative instrument of the financial guarantee contract, excluding the derivative instrument related to the equity instrument investment without any offer on the active market whose fair value cannot be reliably measured (corresponding settlement is subject to the delivery of the equity instrument).

The subsequent measurement of the trading financial assets shall be carried out at the fair value, and profits or losses from changes in the fair value and the dividend and interest income related to the financial assets shall be included in current profits or losses.

② Loans and Accounts Receivable

Loans and accounts receivable are non-derivative financial assets that have no quoted price in an active market and have a fixed or determinable recovery amount. Financial assets classified by the Group as loans and accounts receivable shall include notes receivable, accounts receivable, interest receivable and other receivables.

Loans and receivables are subsequently measured at amortized costs by using the effective interest rate method. Gains or losses arising from the derecognition, impairment or amortization shall be included in current profits or losses.

③ Available-for-sale Financial Assets

Available-for-sale Financial Assets refer to the available-for-sale non-derivative financial assets designated when they are initially recognized and other financial assets that cannot be classified.

However, for the equity instrument investment that has no quoted price in an active market and whose fair value cannot be reliably measured and the derivative financial assets that are related to the equity instrument and must be settled by delivering the equity instrument, the follow-up measurement shall be conducted based on the costs; for others that have an quoted price in the active market or whose fair value can be reliably measured in despite of no quoted price in the active market, they shall be measured at the fair value, and changes in the fair value shall be included in other comprehensive earnings. The available-for-sale debt instrument investment whose interests are calculated by using the effective interest method during the holding period and the cash dividend related to the available-for-sale equity instrument investment which is declared for distribution by the invested units shall be calculated in current profits or losses as the income from investment.

④ Other Financial Liabilities

The sum of the fair value and relevant transaction expenses shall be regarded as the amount for initial recognition, and the subsequent measurement shall be conducted at the amortized costs.

(3) Determination of Financial Assets and Financial Liabilities

If there exists an active market, financial assets held or financial liabilities that will be assumed by the Group shall adopt the current quoted price in the active market; financial assets that will be purchased by the Group or financial liabilities assumed by the Group shall adopt the current offer in the active market. If there is no such quoted price or offer, the market quotes for recent transactions or market quotes for adjusted recent transactions shall prevail unless there is any solid evidence proving that such market quotes are not fair value.

If there does not exist an active market, the Group shall apply corresponding valuation techniques to determine the fair value, including referring to similar cases and the price used by various parties for recent market transactions, referring to the current fair value of other equivalent financial instruments in nature, the discount cash flow method and the option pricing models etc..

(4) Recognition and Measurement of the Transfer of Financial Assets

The transfer of financial assets refers to the transfer or delivery of the financial assets to the issuer by the Group, and all and any part of financial assets can be transferred in the following two forms:

- a. the transfer of the right to collect the cash flow of the financial assets to the other party;
- b. the financial assets are transferred to the other party, but the right to collect the cash flow of the financial assets is retained and it's also obliged to pay such collected cash flow to the final beneficiary. Meanwhile, the following requirements shall also be met:
 - it's only obliged to pay the final beneficiary when equivalent cash flow is received from the financial assets;
 - as required in the contract, the financial assets cannot be sold or serve as the guaranty, but can serve as the guarantee for the payment of cash flow to the final beneficiary;
 - it's obliged to timely pay the collected cash flow to the final beneficiary.

When the Group transfers substantially all the risks and rewards of all or part of the financial assets to the transferee, the Group derecognizes all or part of the financial assets. The difference between the consideration received and the carrying value of the transferred financial assets is recognized as profits or losses. At the same time, the accrued gains or losses of the financial assets previously recognized in the owner's equity are transferred to profits or losses; when all the risks and rewards related to the ownership are retained, all or part of the financial assets are continuously recognized and the consideration received is recognized as the financial liabilities.

If the Group has neither transferred nor retained substantially all risks and rewards related to the ownership of financial assets, but has not given up control of the financial assets, it shall recognize the relevant financial assets in accordance with the degree of its continued involvement in the transferred financial assets, and confirm the corresponding liabilities accordingly.

(5) Derecognition of Financial Assets and Financial Liabilities

When any of the following requirements is met, the Group's financial assets shall be derecognized:

- a. relevant contract rights to collect the cash flow from the financial assets are terminated;
- b. the financial assets are transferred, and meet relevant derecognition requirements stipulated in ASBE No.23: Transfer of Financial Assets;

c. when all or part of the Group's current obligations related to the financial liabilities are terminated, the financial liabilities or part of that can only be derecognized.

(6) Impairment of Financial Assets

The Group shall check the carrying value of financial assets other than trading financial assets on the balance sheet date. If there is any objective evidence proving that the financial assets are impaired, corresponding impairment allowance shall be calculated and withdrawn. For a single financial asset of a significant amount, a separate impairment test is required. If there is any objective evidence proving that it has been impaired, the impairment loss shall be recognized and included in current profits or losses. For financial assets with insignificant single amounts that show no sign of impairment through conducting a separate test, the Group shall conduct corresponding impairment tests based on the credit portfolio to determine impairment losses based on the creditworthiness of the client and the actual situation of doubtful accounts incurred over the years.

① Impairment of Loans and Accounts Receivable

When a financial asset measured at amortized cost is impaired, the impairment loss shall be calculated based on the difference between the carrying value and the present value of the estimated future cash flows discounted at the original effective interest rate and included in the profits or losses for the current period. After the impairment loss has been recognized for a financial asset measured at amortized cost, if there is any objective evidence proving that the value of the financial asset has been recovered and is objectively related to the event that occurred after the loss is recognized, the previously recognized impairment loss shall be reversed, and included in current profits or losses. However, the reversed carrying value shall not exceed the amortized cost of the financial asset on the day of reversal under the assumption that no allowance for impairment is calculated and withdrawn.

② Impairment of Available-for-sale Financial Assets

If the fair value of available-for-sale financial assets declines significantly, or it is expected that the downward trend will be non-transient after considering various relevant factors in a comprehensive manner, it will be deemed that it has been impaired and the accumulative losses resulting from the decline in the fair value that are supposed to be directly included in the owner's equity shall be all transferred out and corresponding impairment losses shall also be recognized.

11. Accounts Receivable

Accounts receivable shall include accounts receivable, other receivables and factoring receivables.

(1) Accounts receivable with amounts that are individually significant and for which the allowance for doubtful accounts is provided on the individual basis:

Judgment basis or amount standard for the significant individual amount: accounts receivable and other receivables with their closing balances exceeding RMB 1 million (inclusive), and factoring receivables with the closing balance exceeding RMB 20 million (inclusive).

The method of the calculation and withdrawing of the allowance for doubtful accounts receivable with amounts that are individually significant and for which the allowance for doubtful accounts is provided on the individual basis, a separate impairment test shall be conducted. If there is any objective evidence showing any sign of impairment, corresponding allowance for doubtful accounts shall be calculated and withdrawn based on the difference between the current value of the future cash flow and the carrying value.

For accounts receivable with amounts that are individually significant that has been proved not impaired by a separate test, corresponding bad debt provisions shall be calculated and withdrawn

based on the grouping basis.

(2) Accounts receivable with amounts that are not individually significant but for which the allowance for doubtful accounts is provided on the individual basis:

If any sign indicates that the recoverability of a certain account receivable is significantly different from other receivables of the same age group, and the recoverability cannot be truly reflected when corresponding allowance for doubtful accounts are calculated and withdrawn for the account receivable based on the established ratio, corresponding allowance for doubtful accounts shall be calculated and withdrawn by using the specific identification method.

(3) Accounts receivable (accounts receivable and other receivables) for which the allowance for doubtful accounts is provided on the grouping basis:

For receivables (including receivables with significant single amount and receivables with insignificant single amount) whose allowance for doubtful accounts are not separately calculated and withdrawn after a separate test, the allowance for doubtful accounts shall be calculated and withdrawn based on the following credit risk groups.

Group Type	Group Determination Basis	Methods for the Calculation and Withdrawing of Bad Debt
Future Guarantee Group	Fund Nature	Not available
Unit Fund Group within the combination scope of receivables	Fund Nature	Not available
Factoring Receivables	Credit Risk Features	Based on corresponding classification
Aging Group	Receivables other than the above groups	By using the aging analysis method

Note 1: The Group shall not calculate and withdraw corresponding allowance for doubtful accounts for the future transaction guarantee receivable with low actual loss ratio and the unit fund within the combination scope of receivables. Except that, receivables within the group shall be respectively reflected and listed in the aging group and factoring receivables.

Note 2: Factoring Receivables whose allowance for doubtful accounts is calculated and withdrawn according to corresponding group of credit risk features:

Corresponding allowance for doubtful accounts shall be calculated and withdrawn based on corresponding classification standards. At the end of this period, Factoring Receivables shall be classified into Normal, Concerned, Secondary, Suspected and Loss, and corresponding allowance for doubtful accounts calculation and withdrawing proportions for each classification shall be shown as follows:

Classification	Calculation and Withdrawing Proportion
Normal	1.5%
Concerned	3%
Secondary	30%

Classification	Calculation and Withdrawing Proportion
Suspected	60%
Loss	100%

Note 3: for the aging groups, corresponding allowance for doubtful accounts calculation and withdrawing proportions by using the aging analysis method are shown as follows:

Aging	Calculation and Withdrawing Proportion
Within one year	5%
1-2 Years	10%
2-3 Years	25%
3-4 Years	40%
4-5 Years	40%
Over 5 Years	100%

(4) Doubtful Account Recognition Standards:

- a. the debtor goes bankrupt or dies, and the debt is still unrecoverable after the debtor's bankruptcy property or estate is liquidated;
- b. the debtor fails to pay off the debt as scheduled, and obvious signs have indicated that the debt is unrecoverable.

For receivables that cannot be recovered, the Company shall apply such receivables to write off corresponding allowance for doubtful accounts as the doubtful account loss as approved by the Group.

12. Loans and Advances to Customers

Corresponding allowance for doubtful accounts shall be calculated and withdrawn based on corresponding classification standards. At the end of this period, loans and advances to customers shall be classified into Normal, Concerned, Secondary, Suspected and Loss, and corresponding allowance for doubtful accounts calculation and withdrawing proportions for each classification shall be shown as follows:

Classification	Calculation and Withdrawing Proportion
Normal	1.5%
Concerned	3%
Secondary	30%

Classification	Calculation and Withdrawing Proportion
Suspected	60%
Loss	100%

13. Inventory

(1) Classification of Inventory: raw materials, merchandise inventory, goods in process, consumptive biological assets and work in process-outsourced etc..

(2) Inventory Valuation: the inventory upon obtained shall be valued based on the actual costs and that shall be valued by using the one-time weighted average method when received and sent out at the end of the month.

(3) Inventory valuation allowance: At the end of the period, the valuation shall be made based on the lower between the carrying value and the net realizable value, and the recognition standard shall be: the inventory's selling price is lower than the cost; or relevant inventories are replaced, damaged or obsolete due to various reasons, in which case, a comparison shall be made between the carrying value and the net realizable value of such inventories based on the single inventory item (the item of wide varieties and lower unit price by category); corresponding inventory valuation allowance shall be calculated and withdrawn based on the difference between the net realizable value (the inventory's net realizable value shall be determined based on the estimated selling price minus the estimated completion costs and all necessary selling expenses) and the carrying value, and included in current profits or losses.

When all factors that may cause the depreciation of the inventory have disappeared, it shall be reversed to the write-down amount not exceeding the valuation allowance amount previously calculated and withdrawn and included in current profits or losses.

(4) For inventory losses and damaged inventories, possible reasons shall be investigated before the end of this Reporting Period according to the actual costs, and they shall be well disposed before the final settlement at the end of the period. The inventory profit shall be recorded in the account based on the replacement cost and rearranged into the current management expenses.

14. Long-term Equity Investment

The long-term equity investment shall include the long-term equity investment into subsidiaries and the long-term equity investment into joint ventures and cooperative enterprises.

Subsidiaries refer to the invested units that the Group can exercise control over; joint ventures refer to the invested units that the Group can exercise joint control with other parties; and cooperative enterprises refer to the invested units subject to the Group's significant influence on corresponding financial and business operation decisions. .

The investment into subsidiaries shall be presented in the Group's financial statements based on the amount determined by using the cost method, and consolidated after being adjusted by means of the equity method while preparing the consolidated financial statements; the investment into joint ventures and cooperative enterprises shall be checked and calculated by using the equity method.

(1) Determination of Investment Cost

The long-term equity investment calculated by using the cost method shall be measured according to the initial investment cost. For the long-term equity investment calculated by using the equity method, the initial investment cost shall be regarded as the long-term equity investment cost when

the initial investment cost is greater than the fair value of the net identifiable assets held in the invested units; otherwise, the difference shall be included in current profits or losses, and the long-term equity investment cost shall accordingly be adjusted and increase.

(2) Subsequent Measurement and Profits/Losses Recognition Method

The long-term equity investment calculated by using the cost method, the cash dividend or profit declared by the invested units for distribution shall be recognized as the income from investment and included in current profits or losses.

For the long-term equity investment calculated by using the equity method the Group shall recognize current investment gains and losses based on the shares of the net income or loss of the invested units that shall be held or shared. While recognizing the net losses of the invested units, the carrying value of the long-term equity investment and other long-term equities substantially constituting the net investment into the invested units shall be written off to zero. However, when the Group is obliged to assume corresponding extra losses and relevant estimated liabilities recognition conditions stipulated in Contingency Criterion are met, it's necessary to continue the recognition of investment losses and finish corresponding check and calculation by regarding it as the estimated liabilities. For other changes in the shareholders' equity except the net incomes or losses of the invested units, when the Group's shareholding ratio remains unchanged, the part of amount calculated based on such shareholding ratio shall be directly included in other comprehensive earnings. Accordingly, the carrying value of the long-term equity investment shall be decreased based on the part of amount duly distributed to the group when the invested units have declared and distributed the profit or cash dividend. The unrealized internal transaction profits or losses between the Group and the invested units shall be the basis for calculating the part attributable to the Group according to corresponding shareholding ratio, and that part shall be offset, on which basis, corresponding investment profits or losses shall be recognized. For the internal transaction losses incurred between the Group and the invested units, the part attributable to the assets impairment losses and the unrealized losses shall not be offset.

(3) Basis for Confirming Control, Joint Control and Significant Influence on the Invested Units

Control refers to the right to decide relevant financial and business operation policies for the invested units, on which basis, corresponding benefits can be obtained from their operating activities. While confirming whether the control can be exercised over the invested units, various potential voting factors including the invested units' current convertible bond and the current executable warrants shall also be taken into consideration.

Joint control refers to the shared control over a certain economic activity as required in the contract, and only exists when all investors sharing such control over significant financial and business operation decisions related to the economic activity have consented.

Significant impact refers to the right retained by the Group to participate in deciding various financial and business operation policies of the invested units, but the Group cannot control or jointly control the formulating of these policies with other participators.

15. Investment Property

Investment property refers to the properties held for the purpose of obtaining the rent or capital gain or both, including the leased land use right, the land use right held and available for transfer after appreciation, and the leased building. The Group's investment property mainly includes the leased building, and the Group shall conduct the initial measurement of the existing real estate based on the costs, and complete the subsequent measurement based on the fair value. Meanwhile, corresponding depreciation shall be calculated and withdrawn by using the same method with the property, plant and equipment.

16. Property, Plant and Equipment

(1) Recognition Conditions

Property, plant and equipment (PP&E) refers to the tangible assets held for the purpose of producing goods, rendering services, renting or conducting business operation with the service life exceeding one accounting year. PP&E can be classified into House and Building, Mechanical Equipment, Transportation Equipment, Electronic Equipment and Other Equipment. PP&E can be recognized only when the following conditions are met: a. the economic benefit related to the PP&E is likely to flow in the Company; b. the costs can be reliably measured.

(2) Depreciation Methods:

Type	Depreciation Method	Period of Depreciation (years)	Ratio of Remaining Value	Yearly Depreciation
House and Building	Straight-line Depreciation Method	5-40 years ^{Note 1}	5	19.00-2.38
Mechanical Equipment	Straight-line Depreciation Method	3-12 years	5	31.67-7.92
Transportation Equipment	Straight-line Depreciation Method	5 years	5	19.00
Electronic Equipment	Straight-line Depreciation Method	3-5 years	5	31.67-19.00
Other Equipment	Straight-line Depreciation Method	3-5 years	5	31.67-19.00

Note 1: For the immovable building on the leased land, the depreciation period shall adopt the shorter period between the land usage right lease term and the PP&E's expected service period.

Note 2: The Group shall own the permanent ownership of the land purchased in India and Ecuador. As the land's service life is uncertain, the Group has not calculated and withdrawn corresponding depreciation, and the impairment test shall be conducted every year.

(3) PP&E Held for Sale:

The Group shall adjust the estimated net remaining value of the held-for-sale PP&E, and base on such value to reflect the amount of the fair value minus relevant disposal expenses without exceeding the original carrying value of the PP&E when relevant held-for-sale conditions are met. The difference between the original carrying value and the estimated net remaining value shall be included in current profits or losses as the assets impairment loss. Corresponding depreciation shall not be calculated and withdrawn for the held-for-sale PP&E.

17. Construction in Progress

For construction in progress, all necessary expenses incurred before the assets is built to achieve its expected service status shall be regarded as the entry value of PP&E. When the built PP&E has achieved its expected service status, but the completion settlement has not been done yet, it shall be transferred into PP&E from the day when it achieves the expected service status according to

the construction budget, cost or the project's actual costs and the estimated value, and the depreciation shall be calculated and withdrawn according to the Company's depreciation policies geared to PP&E. Upon the final settlement, the provisional value previously estimated shall be adjusted based on the actual costs, but the depreciation amount previously calculated and withdrawn shall not be adjusted. The Group shall accordingly capitalize the special loans applied for the purchasing, construction or production of assets meeting corresponding capitalization requirements or the loan interest resulting from occupying the general borrowing and auxiliary expenses resulting from the special loan before the purchased, constructed or produced assets meeting corresponding capitalization requirements achieve the expected usable or marketable status.

18. Borrowing Costs

For the Group's borrowing costs, the amount that can be directly attributed to the purchase & construction or construction of the assets in conformity with relevant capitalization requirements shall be capitalized and included in relevant assets costs.

Except for the above-mentioned borrowing costs, other borrowings costs shall be recognized as financial expenses.

There's no capitalized borrowing costs during this Reporting Period.

19. Living Assets

(1) The Group's living assets include consumptive living assets and productive living assets.

(2) The living assets acquired by the Group shall be initially measured based on the costs.

a. The costs of purchased external living assets include the purchase price, transportation costs, insurance premiums, related taxes, and other expenses directly attributable to the purchase of the assets.

b. The costs of self-propagated or farmed consumptive living assets shall be determined in accordance with the necessary expenditures such as feed costs, labor costs, and indirect apportioned expenses incurred prior to the sale.

c. The costs of self-propagated productive living assets shall be determined in accordance with the necessary expenditures such as feed costs, labor costs, and indirect apportioned expenses incurred before the intended production and business objectives (ages) are achieved.

d. The costs of living assets input by investors shall be determined in accordance with the value stipulated in the investment contract or agreement, unless such assets cannot be measured at the fair value as required in the contract or agreement.

(3) Subsequent Measurement

a. Subsequent expenditures including maintenance and feeding expenses etc. incurred after the closure of the living assets or the planned production and management purpose are achieved shall be recognized as current expenses.

b. The Group's productive living assets that meet the intended production and operation objectives shall be depreciated on a scheduled basis, and shall be respectively included in the costs or current expenses of relevant assets according to their purposes.

c. At the end of each year, the Group shall inspect consumptive living assets and productive living assets. If there is any solid evidence proving that the net realizable value of the consumptive living

assets or the recoverable amount of the productive living assets is lower than the carrying value due to natural disasters, animal disease infestations, or changes in market demand, the difference between the net realizable value or the recoverable amount and the carrying value shall serve as the basis for calculating and withdrawing the living assets depreciation reserves or impairment provisions, and be recognized as current losses.

If various factors that may cause the depreciation of consumptive living assets have disappeared, the write-down amount shall be recovered, restituted from the depreciation provisions previously calculated and withdrawn, and included in current profits or losses. Upon the calculation and withdrawing of productive living assets impairment provisions, it cannot be reversed.

(4) Acquisition and Disposal

a. The consumptive living assets when acquired or sold shall carry over the costs at the carrying value.

b. Agricultural products produced by productive living assets shall be calculated and determined based on the necessary expenses such as material costs, labor costs, and indirect apportioned expenses during the output process, and the carrying value shall be carried forward to the product costs.

c. The costs of the living asset after the change in the purpose shall be determined based on the carrying value at the time of such change.

d. When the living assets are sold out, the balance resulting from the income minus the carrying value and related taxes shall be included in current profits or losses.

20. Intangible Assets

(I) Valuation Method and Service Life

(1) Determination Standard and Classification of Intangible Assets

Intangible assets refer to identifiable non-monetary assets without physical form owned or controlled by the Group, including land use rights, patented technologies, software use rights, trademark rights, and non-patent technologies.

(2) Valuation of Intangible Assets:

a. The costs of the purchased external intangible assets shall be determined based on the actual expenses incurred before it achieves the expected purpose;

b. The costs of the intangible assets input by investors shall be determined based on the amount agreed in the investment contract or agreement, unless the assets cannot be measured at the fair value as required in the contract or agreement;

c. The intangible assets acquired from the debtor that has resorted to the non-cash assets to pay the debt, or the intangible assets exchanged by using the credit receivable shall be recognized by the fair value of the exchanged intangible assets;

d. The costs of the intangible assets invested for non-monetary transactions shall be determined based on the fair value and related taxes;

e. For donated intangible assets, if the donor provides relevant credentials, it shall be priced according to the amount indicated on the certificate plus the relevant taxes and fees payable; if the donor does not provide relevant credentials and there is an active market for similar or similar intangible assets, the estimated market price of similar or similar intangible assets plus the relevant

taxes and fees payable shall be regarded as the actual costs; if there is no active market for similar or similar intangible assets, the present value of the estimated future cash flows of the donated intangible assets shall be regarded as the actual costs.

(3) Amortization of intangible assets: Intangible assets with a limited service life shall be amortized within the estimated service life by using the straight-line method. If the period during which the intangible assets can bring future economic benefit to the Group cannot be forecast, it shall be deemed as the intangible assets with uncertain service life. However, Intangible assets with uncertain service life shall not be amortized.

(II) Accounting policies for internal R&D expenses

The expenditure of the Group's internal R&D projects shall be divided into Research Expenditure and Development Expenditure.

Upon incurred, Research Expenditure shall be included in current profits or losses.

When the following requirements are met, Development Expenditure can thus be capitalized; otherwise, it shall be included in current profits or losses:

The intangible assets is completed and available for use or sales, and it is feasible technically;

Intend to complete the intangible assets and make it usable or marketable;

The way available for the intangible assets to generate the economic benefit, including the ability in proving that products generated by the intangible assets exist in the market or the intangible assets itself exists in the market; if the intangible assets is only for internal use, its serviceability can be proved;

Technical resources, financial resources and other resources are sufficient to support the development of the intangible assets with the ability in using or selling the intangible assets;

Expenditure attributed to the development stage of the intangible assets can be reliably measured.

After the above requirements are met, the technical feasibility study and economic feasibility study are completed and the project is established, it shall enter the development stage.

Capitalized development expenditure shall be presented in the balance sheet as Development Expenses, and transferred to intangible assets on the day when it meets corresponding usable conditions.

If Research Expenditure and Development Expenditure cannot be clearly differentiated, all R&D Expenses incurred shall be included in current profits or losses.

21. Goodwill

For the business combination involving entities not under common control, the difference between the combining costs and the fair value of the identifiable assets acquired from the purchased party shall be recognized as Goodwill. Please refer to Note III. 23 for detailed Goodwill impairment test and accounting treatments.

22. Long-term Prepaid Expenses

Long-term prepaid expenses refer to various expenses incurred that shall be amortized during this period and subsequent periods with its amortization period exceeding 1 year, which shall be recognized based on the actual costs and amortized by using the average method within the

expected benefit period.

23. Long-term Assets Impairment

In terms of PP&E, construction in progress, intangible assets with limited service life, the investment property measured based on the cost mode, the long-term equity investment into subsidiaries, joint ventures and cooperative enterprises and other non-current non-financial assets, the Company shall judge whether there exists any sign of impairment on the balance sheet date. If exists, the recoverable amount shall be estimated and the impairment test shall be conducted. For Goodwill, the intangible assets with uncertain service life and the intangible assets are not available for use, whether there is any sign of impairment, the impairment test shall be carried out every year.

If the impairment test results indicate that the recoverable amount is less than the carrying value, corresponding impairment allowance shall be calculated and withdrawn according to the difference and included in the impairment losses. The recoverable amount shall be the higher value between the net amount of the assets' fair value minus relevant disposal expenses and the present value of the estimated future cash flow. The assets' fair value shall be determined according to the price stated in the sales agreement for fair transactions; if there is no such sales agreement, but there is an active market, the fair value shall be subject to the offer of the assets' buyer; if there is no such sales agreement, nor an active market, the assets' fair value shall be estimated based on the available best information. Relevant disposal expenses shall include legal expenses, related taxes, transportation expenses and direct expenses incurred before the assets achieve the expected usable status. The present value of the assets' estimated future cash flow shall be determined according to the expected future cash flow resulting from its continuous usage and final disposal and the amount discounted based on an appropriate discount rate. The assets impairment provisions shall be calculated and determined based on each single asset; if it is difficult to estimate the recoverable amount of such single asset, the recoverable amount of the assets group can be determined, and the assets group shall be the minimum assets group that can independently produce corresponding cash flow.

When the impairment test is conducted for the Goodwill separately listed in financial statements, the carrying value of Goodwill shall be amortized to the asset group or the asset group portfolio that is expected to benefit from the synergistic effect of the business combination. If the impairment test results indicate that the recoverable amount is less than the carrying value, corresponding impairment losses shall be recognized. However, the impairment losses shall firstly offset and be amortized to the carrying value of such Goodwill, and then offset the carrying value of other assets other than Goodwill based on corresponding proportions.

When the above assets impairment losses are recognized, the part of amount that is recovered shall not be reversed.

24. Employee Compensation

Employee Compensation refers to various forms of remuneration or compensation given by the Company to obtain services provided by employees or to terminate labor relations. Employee compensation includes short-term compensation, post-employment benefits, dismissal benefits, and other long-term employee benefits.

(1) Accounting Treatment Method for Short-term Compensation

Short-term compensation mainly includes wages, bonuses, allowances and subsidies, staff welfare fees, medical insurance premiums, maternity insurance premiums, industrial injury insurance premiums, housing accumulation funds, trade union funds, staff education funds, and non-monetary benefits. The Group will provide employees with various forms of remuneration and other related expenses during the accounting period in which the employees provide services

to the Group, including wages, bonuses, allowances, subsidies and staff welfare payments for employees, and medical insurance, pension insurance premiums, unemployment insurance premiums, industrial injury insurance premiums, maternity insurance premiums and other social insurance premiums paid for employees. However, housing accumulation funds, employee education funds, trade union funds, non-monetary benefits etc. shall be recognized as liabilities and included in current profits or losses or related asset costs. Non-monetary benefits are measured at fair value.

(2) Accounting Treatment Method for Post-employment Benefits

Post-employment benefits refer to various forms of remuneration and benefits provided to employees after they have retired or terminated the labor relation with the Company in order to obtain services from them, except short-term compensation and dismissal benefits. The Company classifies post-employment benefit plans into the defined contribution plan and the defined benefit plan.

The defined contribution plan: After the Group has paid fixed fees to an independent fund, the Group shall no longer assume further payment obligation for the post-employment benefit plan, including the basic endowment insurance and the unemployment insurance etc.. During the accounting period in which the employees work for the Group, the payments made for the defined contribution plan shall be recognized as liabilities and included in current profits or losses or related asset costs.

The defined benefit plan refers to the post-employment benefit plan other than the defined contribution plan.

(3) Accounting Treatment Method for Dismissal Benefits

Dismissal Benefits refer to the compensation given to the employees for the termination of the labor relation before the labor contract expires or for the purpose of encouraging the employees to voluntarily accept such dismissal. When the Company provides corresponding dismissal benefits to the employees, the employee compensation liabilities resulting from such dismissal benefits shall be recognized on the earlier date between the following two dates and included in current profits or losses:

(I) the day when the Company cannot unilaterally withdraw the dismissal benefits due to the termination of labor relation or the redundancy.

(II) the day when the Company recognizes various costs related to the restructuring of the payment of dismissal benefits.

(4) Accounting Treatment Method for Other Long-term Employee Benefits

Other long-term employee benefits refer to all employee compensations other than short-term compensation, post-employment benefits and dismissal benefits, including long-term compensated absences, long-term disability benefits, and long-term profit sharing plans etc.. For other long-term employee benefits provided by the Group to its employees, the Group will recognize the long-term profit sharing given to the employees as the liability during the accounting period in which the employees provide services to the Group, which shall be included in current profits or losses or related asset costs. Those unfinished payments within 12 months after the end of the annual reporting period shall be recognized as long-term employee compensation payable.

25. Provisions

If the contingency-related obligation is the current obligation assumed by the Group, the performance of such obligation is likely to result in the outflow of economic benefits from the

Group, and the related amount can be measured reliably, the Group shall recognize a provision.

The Company's provisions shall be initially measured based on the best estimate of all needed expenses for fulfilling current obligations. If it will exert great impact on the time value of currency, the best estimate shall be determined after the discounting of relevant future cash outflows. While determining the best estimate, the Company shall take various factors into consideration including the risks related to contingent events, the uncertainty and the time value of currency. If all needed expenses exist within a continuous range (or interval), and the possibilities for various results are identical within such range, the best estimate shall be determined according to the intermediate value; in other cases, the best estimate shall be respectively determined as follows:

-- if the contingent events involves any single item, the best estimate shall be determined based on the amount of the highest possibility in being incurred;

-- if the contingent events involve various items, the best estimate shall be calculated according to various possible results and relevant probabilities.

The Group shall double check the carrying value of provisions on the balance sheet date, and adjust such carrying value according to the current best estimate.

26. Revenue

(1) Revenue from selling commodities shall be recognized when all requirements are met as follows:

- a. main risks and returns related to the property in the goods are transferred to the buyer;
- b. the continuing control right usually linked with the property is not retained, the valid control over the sold goods is not executed;
- c. the received amount can be reliably measured;
- d. relevant economic benefits are likely to flow in the Company;
- e. relevant costs incurred or estimated can be reliably measured.

To be specific, The Group will deliver the product to the purchaser in accordance with the terms of the contract or the agreement, and the purchaser will confirm the such delivery. Then, the corresponding revenue shall be recognized. The purchaser has the right to sell and use the product on its own after receiving it and shall bear the risk of price fluctuations or any damage to the product.

(2) Revenue from service rendering shall be recognized when the following requirements are met:

- a. the received amount can be reliably measured;
- b. relevant economic benefits are very likely to flow in the Group;
- c. the completion status can be reliably defined;
- d. costs incurred and estimated during the transaction can be reliably measured.

The rendering of service that commences and finishes during the same accounting year shall be recognized as revenue when such service rendering finishes.

(3) Revenue from the transfer of the assets usage right shall be recognized when the following

requirements are met:

- a. relevant economic benefits are very likely to flow into the Group;
- b. the received amount can be reliably measured.

27. Government Subsidies

When various requirements related to the government subsidy are met and the government subsidy can be acquired, the Group shall recognize such government subsidy. However,

(1) When the government subsidy is the monetary assets, it shall be measured based on the received amount or the amount receivable; if the government subsidy is the non-monetary assets, it shall be measured based on the fair value; if the fair value cannot be reliably obtained, it shall be measured based on the nominal amount.

(2) The assets-related government subsidy shall be recognized as the deferred income, distributed averagely within the assets' service life and included in current profits or losses. However, the government subsidy measured at the nominal amount shall be directly included in current profits and losses. The income-related government subsidy that will be applied to compensate relevant expenses or losses during subsequent periods shall be recognized as the deferred income, and included in current profits or losses during the period when relevant expenses are recognized; if applied to compensate relevant expenses or losses incurred, it shall be directly included in current profits or losses.

If no object is specified in the government subsidy document, the judgment basis for the Group to classify the government subsidy into the assets-related government subsidy and the income-related government subsidy shall be: the government subsidy applied to purchase, construct and form the long-term assets by other means shall be classified as the assets-related government subsidy; if it is difficult to be classified, it shall be regarded as the assets-related government subsidy as a whole.

(3) The government subsidy related to the Group's daily operations shall be included in other income or applied to write down relevant costs according to the nature of the economic transaction; otherwise, it shall be included in non-operating gain and loss.

(4) When the recognized government subsidy is required to return, corresponding accounting treatments shall be carried out according to the following provisions: when the book value of relevant assets is offset upon initially recognized, the book value shall be adjusted; when relevant deferred incomes exist, the book value of such deferred incomes shall be offset, and the excess shall be included in the current profits or losses; in other cases, it shall be directly included in the current profits or losses.

(5) Fiscal Discount: If the government financial department directly grants the discounted interest to the Group, corresponding discounted interest shall be applied to offset relevant borrowing costs.

28. Share-based Payments

(1) Types of Share-based Payments

The Group's share-based payments are equity-settled share-based payments. Specific equity instruments include restricted stocks and stock options issued by companies that allow holders to purchase a fixed amount of ordinary shares of the Company at a fixed price.

(2) Determination Method for the Fair Value of Equity Instruments

Share-based payment settled in the form of equity for obtaining the service rendered by employees shall be measured based on the fair value of the equity instrument awarded to employees. If there is an active market, it shall be determined according to the quoted price in the active market; otherwise, it shall be determined by using the valuation techniques, including reference to familiar situations and the price adopted by various parties in recent market transactions, reference to the current fair value of other financial instruments of the same nature, the discount cash flow method and the option pricing model etc..

(3) Basis for Determining the Best Estimate of Executable Equity Instruments

On each balance sheet date within the waiting period, the Group shall revise the number of equity instruments that are expected to be exercised based on follow-up information such as the change in the number of employees with vesting rights and the completion of performance indicators, in which basis, expenses to be apportioned in each period shall be recognized. On the day of execution, the expected number of executable equity instruments shall be consistent with the actual number of executable equity instruments.

(4) Accounting Treatments Related to the Implementation of Share-based Payment Plan

a. Accounting Treatment on the day of awarding

For the equity incentive plan granted to employees by the Group for restricted stocks, the Group shall recognize capital stock and capital reserve (share capital premium) on the grant date based on the subscription money received from employees, and at the same time, the Group shall confirm the liabilities for the repurchase obligation based on the total repurchase amount, which shall be included in treasury stocks, and listed in the balance sheet as an allowance item for shareholders' equity.

For the equity incentive plan granted to employees by the Group for stock options, the Group shall not conduct any accounting treatment on the day of awarding.

b. Accounting Treatment within the Waiting Period

If the equity-settled share-based payment is exchanged for employee-supplied services, and it can only be executed or unlocked when services are completed during the waiting period or when the required performance conditions are met, on each balance sheet date within the waiting period, based on the best estimate of the number of the executable or unlocking equity instruments, services obtained during this period shall be included in relevant costs or expenses according to the fair value on the day when such equity instruments are awarded to the employees, and corresponding capital reserves shall also be adjusted. For equity incentive plans that have been revoked due to the failure in meeting corresponding vesting conditions within the waiting period, the Group shall write back various expenses related to the share-based payment previously recognized.

Restricted shares issued by the Group shall participate in profit distribution and the part belonging to cash dividends can be revoked. For the holders of future restricted stocks that are expected to be unlocked, the Group's cash dividends allocated to holders of restricted stocks shall be treated as profit distributions. For those who are expected not to unlock restricted stocks in the future, the Group's cash dividends allocated to holders of restricted stocks shall be applied to offset related liabilities. If any subsequent information indicates that the number of restricted stocks that cannot be unlocked is different from the previous estimate, it shall be treated as a change in accounting estimates.

c. Accounting Treatment on the day of execution or unlocking

When restricted stocks are regarded as the equity instrument for share-based payment, the Group shall repurchase and cancel the stocks that have not met relevant restricted stocks unlocking

requirements. When the treasury stocks are canceled, the capital stock shall be reduced based on the total par value of the canceled stocks, and portion of the costs of treasury stocks exceeding the total par value shall be applied to respectively offset the capital reserve (stock premium), the earned surplus and the undistributed profit; if the costs of treasury stocks are less than the total par value, corresponding capital reserve (stock premium) shall increase for the portion below the total par value. When the treasury stocks are transferred, the capital reserve (stock premium) shall accordingly increase for the portion of the transfer income higher than the costs of treasury shares; the portion below the costs of treasury stocks shall be respectively applied to write down the capital reserve (stock premium), surplus reserves, and undistributed profits. For stocks that are not required to be repurchased and meet relevant restrictive stock unlocking conditions, the Group shall write down corresponding liabilities according to the carrying value of the liabilities corresponding to the unlocked shares, and write down the treasury stocks according to the carrying value of the treasury stocks corresponding to the unlocked shares. If there is any difference, the capital reserve (stock premium) shall be adjusted.

When stock options are regarded as the equity instrument for share-based payment, the Group shall include that in the shareholders' equity based on the subscription money paid by the employees while executing their rights. Meanwhile, the capital reserve recognized within the waiting period shall be transferred into the stock premium.

29. Lease

(1) Accounting treatments for operating lease

a. Rent-in Assets under operating lease

The rent expenses of the rent-in assets under operating lease shall be recognized as relevant assets costs or expenses by using the straight-line method within the lease term.

b. Rent-out Assets under operating lease

For the rent-out fixed assets under operating lease other than the trading real estate (See Note III. 15), corresponding depreciation and corresponding impairment provisions shall be respectively calculated and withdrawn according to applicable depreciation policies stated in Note III. 16(2) and applicable accounting policies stated in Note III. 23. The rental income under operating lease shall be recognized as Earnings by using the straight-line method within the lease term. The initial direct expenses of larger amount resulting from the rent-out assets under operating lease shall be capitalized, and included in current profits or losses by stages within the lease term by adopting the same basis prevailing in recognizing the rental income; if the amount is smaller, they shall be directly included in current profits or losses.

(2) Accounting treatments for financial lease

a. Rent-in assets under financial lease: Rented assets under financial assets; On the lease commencement date, the Company shall regard the lower value between the fair value of the leasing assets and the current value of the minimum lease payment as the entry value of the rented assets, the minimum lease payment the entry value of the long-term accounts payable, and the difference the unrecognized financing expenses. Initial direct expenses shall be included in the value of the rent-in assets. Unrecognized financial expenses within the lease term shall be calculated and recognized as the current financial expenses by using the effective interest method. The Group shall calculate and withdraw corresponding leasing assets depreciation by adopting the same depreciation policies with that for its self-owned fixed assets.

b. Rent-out assets under financial lease: On the lease commencement day, the Group shall regard the sum of the minimum lease amount and the initial direct expenses as the entry value of the financial lease receivables, and the unguaranteed residual value shall also be recorded; the

difference between the sum of the minimum lease amount, the initial direct expenses and the unguaranteed residual value and the present value shall be recognized the unrealized financing income which shall be calculated and recognized as the current financing income within the lease term by using the effective interest method.

30. Income Tax

(1) Accounting Treatments for Income Tax

The accounting treatment of income tax shall be conducted by using the balance sheet debt method. On the balance sheet date, the Group shall recognize the deferred income tax assets and corresponding deferred income tax income based on the calculation results of deductible temporary differences and applicable income tax rates; deferred income tax liabilities and corresponding deferred income tax expenses shall also be recognized according to the calculation results of taxable temporary differences and applicable income tax rates.

(2) Basis for Recognizing the Deferred Income Tax Assets

The Group shall recognize the deferred income tax assets generated from the deductible temporary differences within the limit of the taxable income that is very likely to be obtained for offsetting the deductible temporary differences. However, the deferred income tax assets generated from the initial recognition of the assets or liabilities during various transactions possessing the following features shall not be recognized:

- a. such transactions involve no business combination;
- b. such transactions will neither influence the accounting profit, nor the taxable income (or the deductible losses).

(3) Basis for Recognizing the deferred income tax liabilities

Except the deferred income tax liabilities generated by the following transactions, the Group shall recognize all deferred income tax liabilities generated from the taxable temporary difference:

- a. the initial recognition of Goodwill;
- b. the initial recognition of assets or liabilities resulting from the various transactions possessing the following features:

- ① such transactions involve no business combination;
- ② such transactions will neither influence the accounting profit, nor the taxable income (or the deductible losses).

For the taxable temporary differences related to the investment made by subsidiaries, joint ventures and cooperative enterprises, the Group shall recognize corresponding deferred income tax liabilities. However, the exceptional situations are shown as follows:

- a. the investing Company is able to control the restitution time of such temporary difference;
- b. it is very likely not to be restituted in the foreseeable future.

31. Division Information

The Group determines its operating divisions based on its internal organizational structure,

management requirements and internal reporting system, and determines reporting divisions and discloses information of divisions on the basis of such operating divisions.

Operating divisions refer to the component unit meeting the following requirements within the Group: (1) the component unit is able to generate corresponding income and expenses in daily operating activities; (2) the Group's management is able to regularly assess the operating unit's operating performance and decide on corresponding resources allocation and performance assessment; (3) the Group is able to acquire various accounting information related to the component unit, including the financial situation, the operating results and the cash flow etc.. Two or more than two operating divisions can be consolidated into one operating division if they have similar economic characteristics and relevant requirements are met.

The Group's businesses are mainly the manufacturing and selling of feed products, and the management shall regard such businesses as an integral whole for comprehensive management and operating results evaluation. Therefore, the Group has not reported the information of divisions.

32. Other Critical Accounting Policies and Estimates

None.

33. Changes in Critical Accounting Policies and Estimates

(1) Changes in Critical Accounting Policies

The Ministry of Finance issued on 15 June 2018 the "Notice on Revision and Issuance of the Format of General Corporate Financial Statements for 2018" (关于修订印发2018年度一般企业财务报表格式的通知) Cai Kuai [2018] No. 15, combining certain balance sheet items and splitting certain income statement items; and issued on 7 September 2018 the "Interpretations Regarding the Format of General Corporate Financial Statements for 2018" (关于2018年度一般企业财务报表格式有关问题的解读), asking for adjustments to the comparative data of the comparable periods.

The Company has prepared its financial statements as per the said latest requirements on the format of the corporate financial statements. Where any financial statement item is changed, the comparative figure of the comparable period is also adjusted accordingly as per the Accounting Standards for Enterprises No. 30 – Presentation of Financial Statements (企业会计准则第30号——财务报表列报) and other applicable rules.

The following table presents the effects of the above-mentioned accounting policy changes on the consolidated financial statement items and amounts as at 31 December 2017 (or of the year then ended):

Item affected	Before the adjustment	After the adjustment	After the adjustment
Notes receivable	19,209,112.07	-19,209,112.07	-
Accounts receivable	760,285,344.09	-760,285,344.09	-
Notes and accounts receivable	-	779,494,456.16	779,494,456.16
Interest receivable	1,802,621.51	-1,802,621.51	-
Dividends receivable	-	-	-
Other receivables	360,198,872.96	1,802,621.51	362,001,494.47

Notes payable	-	-	-
Accounts payable	1,228,192,300.58	-1,228,192,300.58	-
Notes and accounts payable	-	1,228,192,300.58	1,228,192,300.58
Interest payable	5,188,104.75	-5,188,104.75	-
Dividends payable	8,880,810.40	-8,880,810.40	-
Other payables	550,146,036.68	14,068,915.15	564,214,951.83
Administrative expense	1,047,237,762.73	-253,923,095.49	793,314,667.24
Research and development expenditure	-	253,923,095.49	253,923,095.49
Other income	41,395,359.88	1,259,316.26	42,654,676.14
Non-operating gain	28,416,521.26	-1,259,316.26	27,157,205.00

The following table presents the effects of the above-mentioned accounting policy changes on the parent company's financial statement items and amounts as at 31 December 2017 (or of the year then ended):

Item affected	Before the adjustment	After the adjustment	After the adjustment
Interest receivable	964,410.93	-964,410.93	-
Dividends receivable	35,271,940.95	-35,271,940.95	-
Other receivables	5,186,480,721.39	36,236,351.88	5,222,717,073.27
Notes payable	-	-	-
Accounts payable	3,841,782.78	-3,841,782.78	-
Notes and accounts payable	-	3,841,782.78	3,841,782.78
Interest payable	4,568,756.23	-4,568,756.23	-
Dividends payable	3,841,961.69	-3,841,961.69	-
Other payables	2,192,507,455.76	8,410,717.92	2,200,918,173.68
Administrative expense	316,375,501.94	- 85,463,563.72	230,911,938.22
Research and development expenditure	-	85,463,563.72	85,463,563.72
Other income	14,689,716.12	603,237.16	15,292,953.28
Non-operating gain	8,993,035.99	-603,237.16	8,389,798.83

Apart from the above-mentioned changes in accounting policies, there was no other change in accounting policies of the Company in the year.

(2) Change in significant accounting estimates

In the year, there was no change in the major accounting estimates of the Company.

IV Taxation

1. Main tax categories and rates

Category	Tax base	Tax rate
Value added tax (VAT)	Sales revenue or taxable income	Exemption for feed products (note 1) and agricultural products (note 2); and 3% (note 3), 5%, 6%, 7%, 10% (notes 4 and 5), 11%, 16% (note 5) or 17% of sales revenue for others.
City maintenance and construction tax	Turnover tax payable	1%, 5% or 7% of turnover tax payable
Educational surcharge	Turnover tax payable	3% of turnover tax payable
Corporate income tax	Taxable income	See “2. Corporate Income Tax” below

Note 1: As per the Document CS [2001] No. 121 jointly issued by the Ministry of Finance and the State Administration of Taxation, the Company and its subsidiaries are exempted from VAT on their feed products, which has been filed with the competent tax authorities.

Note 2: As the Interim Regulation of People’s Republic of China on Value-Added Tax says “agricultural producers are exempted from value-added tax on the self-produced agricultural products they sell” in its item 16, the Company and its subsidiaries are exempted from VAT on the self-produced agricultural products they sell, which has been filed with the competent tax authorities.

Note 3: According to the Notice of Ministry of Finance and State Administration of Taxation on Policy of Streamlining and Combination of Value-Added Tax Levy Rates (CS [2014] No. 57), subsidiaries of the Company Qingyuan Haibei, Sichuan Hailinger and Shijiazhuang Weike qualify for a simple 3% VAT levy rate on their sales revenue, and VAT on other taxable revenue is subject to applicable tax rates.

Note 4: In accordance with the VAT regulation of the Socialist Republic of Vietnam, feed and feed-related industries are exempted from VAT starting from 2016. The freezer rental revenue of Sheng Long Bio Tech, a subsidiary incorporated by the Company in Vietnam, is subject to a 10% VAT.

Note 5: In accordance with the Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-Added Tax Rates, the tax rates of 17% and 11% applicable to the Group’s VAT taxable sale or import of goods shall be adjusted to 16% and 10%, respectively, starting from 1 May 2018.

2. Corporate Income Tax

The corporate income tax rates for the Company and its major subsidiaries are listed in the table below:

Full name	Abbr.	Corporate income tax rate	Remark
Guangdong Haid Group Co., Limited	Haid Group	25%	
Guangzhou Runchuan Investment Co., Ltd.	Guangzhou Runchuan	25%	
Guangzhou Yitun Pig Industry Investment Co., Ltd.	Guangzhou Yitun	25%	
Enping Fengwo Agriculture and Animal Husbandry Co., Ltd.	Enping Fengwo	12.50% or free of income tax	Note 2 and note 3
Yangxi Fengwo Ecological Agriculture Co., Ltd.	Yangxi Fengwo	Free of income tax	Note 2
Yangjiang Yangdong Fengwo Agriculture and Animal Husbandry Co., Ltd.	Yangdong Fengwo	Free of income tax	Note 2
Enping Yitun Ecological Agriculture Co., Ltd.	Enping Yitun	Free of income tax	Note 2
Gaozhou Sanhe Animal Husbandry Co., Ltd.	Gaozhou Sanhe	Free of income tax	Note 2
Yingde Yitun Ecological Agriculture Co., Ltd.	Yingde Yitun	Free of income tax	Note 2
Hunan Yitun Ecological Agriculture Co., Ltd.	Hunan Yitun	Free of income tax	Note 2
Hengyang Jisheng Agriculture and Animal Husbandry Development Co., Ltd.	Hengyang Jisheng	Free of income tax	Note 2
Yueyang Yitun Agriculture and Animal Husbandry Co., Ltd.	Yueyang Yitun	Free of income tax	Note 2
Sihui Yitun Ecological Agriculture Co., Ltd.	Sihui Yitun	Free of income tax	Note 2
Guigang Qintang Yitun Ecological Agriculture Co., Ltd.	Qintang Yitun	Free of income tax	Note 2
Pingnan Yitun Ecological Agriculture Co., Ltd.	Pingnan Yitun	Free of income tax	Note 2
Pingguo Yitun Ecological Agriculture Co., Ltd.	Pingguo Yitun	Free of income tax	Note 2
Guiping Yitun Ecological Agriculture Co., Ltd.	Guiping Yitun	Free of income tax	Note 2
Hengyang Yitun Ecological Agriculture Co., Ltd.	Hengyang Yitun	Free of income tax	Note 2
Hengshan Yitun Ecological Agriculture Co., Ltd.	Hengshan Yitun	Free of income tax	Note 2

Full name	Abbr.	Corporate income tax rate	Remark
Guigang Gangbei Yitun Ecological Agriculture Co., Ltd.	Gangbei Yitun	Free of income tax	Note 2
Duyun Yitun Ecological Agriculture Co., Ltd.	Duyun Yitun	Free of income tax	Note 2
Rongjiang Yitun Ecological Agriculture Co., Ltd.	Rongjiang Yitun	Free of income tax	Note 2
Binyang Yitun Ecological Agriculture Co., Ltd.	Binyang Yitun	Free of income tax	Note 2
Yicheng Yitun Ecological Agriculture Co., Ltd.	Yicheng Yitun	Free of income tax	Note 2
Zixing Yitun Ecological Agriculture Co., Ltd.	Zixing Yitun	Free of income tax	Note 2
Changning Yitun Ecological Agriculture Co., Ltd.	Changning Yitun	Free of income tax	Note 2
Guigang Donghuang Farming Co., Ltd.	Guigang Donghuang	Free of income tax	Note 2
Shaoguan Zhenjiang Yitun Ecological Agriculture Co., Ltd.	Zhenjiang Yitun	Free of income tax	Note 2
Shandong Yitun Ecological Agriculture Co., Ltd.	Shandong Yitun	Free of income tax	Note 2
Yantai Zhizhuren Animal Husbandry Co., Ltd.	Yantai Zhizhuren	Free of income tax	Note 2
Laizhou Zhizhuren Animal Husbandry Co., Ltd.	Laizhou Zhizhuren	Free of income tax	Note 2
Qinzhou Yitun Ecological Agriculture Co., Ltd.	Qinzhou Yitun	Free of income tax	Note 2
Feicheng Heruifeng Agricultural Science and Technology Co., Ltd.	Feicheng Heruifeng	Free of income tax	Note 2
Weifang Xuheng Agricultural Science and Technology Co., Ltd.	Weifang Xuheng	Free of income tax	Note 2
Linyi Yitun Ecological Agriculture Co., Ltd.	Linyi Yitun	Free of income tax	Note 2
Zoucheng Mulian Zhongxing Ecological Agriculture Technology Co., Ltd.	Zoucheng Mulian Zhongxing	Free of income tax	Note 2
Jianong (Lianyungang) Husbandry Technology Co., Ltd.	Jianong Lianyungang	Free of income tax	Note 2

Full name	Abbr.	Corporate income tax rate	Remark
Guiding Yitun Ecological Agriculture Co., Ltd.	Guiding Yitun	Free of income tax	Note 2
Binyang Heji Yitun Ecological Agriculture Co., Ltd.	Binyang Heji Yitun	Free of income tax	Note 2
Shaoyang Yitun Ecological Agriculture Co., Ltd.	Shaoyang Yitun	Free of income tax	Note 2
Guangzhou Haiwei Feed Co., Ltd.	Guangzhou Haiwei	15%	Note 1
Guangzhou Rongchuan Feed Co., Ltd.	Guangzhou Rongchuan	25%	
Foshan Haihang Feed Co., Ltd.	Foshan Haihang	25%	
Maoming Haihang Feed Co., Ltd.	Maoming Haihang	25%	
Guangzhou Dachuan Feed Co., Ltd.	Guangzhou Dachuan	15%	Note 1 and note 21
Hubei Haid Feed Co., Ltd.	Hubei Haid	25%	
Guangdong Hinter Biotechnology Group Co., Ltd.	Guangdong Hinter	15%	Note 1
Guangzhou Haishengyuan Biotechnology Co., Ltd.	Guangzhou Haishengyuan	25%	
Guangzhou Mutai Feed Technology Co., Ltd.	Guangzhou Mutai	25%	
Guangzhou Haiyiyuan Biotechnology Co., Ltd.	Guangzhou Haiyiyuan	25%	
Shaanxi Haid Agriculture and Animal Husbandry Co., Ltd.	Shaanxi Haid	Free of income tax	Note 2
Lanzhou Haid Feed Co., Ltd.	Lanzhou Haid	25%	
Yangling Haid Feed Co., Ltd.	Yangling Haid	15%	Note 7
Gansu Haid Feed Co., Ltd.	Gansu Haid	25%	
Weinan Haid Feed Co., Ltd.	Weinan Haid	25%	
Hunan Haid Bio-Feed Co., Ltd.	Hunan Haid	25%	
Guangzhou Haihe Feed Co., Ltd.	Guangzhou Haihe	25%	

Full name	Abbr.	Corporate income tax rate	Remark
Liaocheng Haixin Enterprise Management Consulting Co., Ltd.	Liaocheng Haixin	25%	
Zoucheng Haiyue Enterprise Management Consulting Co., Ltd.	Zoucheng Haiyue	25%	
Yinan Haiyue Biotechnology Co., Ltd.	Yinan Haiyue	25%	
Anyang Haiyue Feed Technology Co., Ltd.	Anyang Haiyue	20%	Note 18
Foshan Haipu Feed Co., Ltd.	Foshan Haipu	25%	
Qingyuan Haibei Biotechnology Co., Ltd.	Qingyuan Haibei	15%	Note 1
Qingyuan Hailong Biotechnology Co., Ltd.	Qingyuan Hailong	25%	
Zhanjiang Haid Feed Co., Ltd.	Zhanjiang Haid	25%	
Jiangmen Haid Feed Co., Ltd.	Jiangmen Haid	15%	Note 1
Chengdu Haid Biotechnology Co., Ltd.	Chengdu Haid	15%	Note 7
Taizhou Haid Bio-Feed Co., Ltd.	Taizhou Haid	25% or 12.50%	Note 3
Jingzhou Haid Feed Co., Ltd.	Jingzhou Haid	25%	
Ezhou Haid Feed Co., Ltd.	Ezhou Haid	25%	
Dongguan Haid Feed Co., Ltd.	Dongguan Haid	25%	
Fujian Haid Feed Co., Ltd.	Fujian Haid	25%	
Zhejiang Haid Feed Co., Ltd.	Zhejiang Haid	25%	
Shaoxing Haid Biotechnology Co., Ltd.	Shaoxing Haid	25%	
Guangxi Haid Feed Co., Ltd.	Guangxi Haid	25%	
Kinghill Holdings Pte.Ltd.	Kinghill Holdings	17%	Note 12
Kinghill Pte.Ltd.	Kinghill Pte.	17%	Note 12
Kinghill Resources Pte.Ltd.	Kinghill Resources	17%	Note 12
Kinghill Agri Pte.Ltd.	Kinghill Agri	17%	Note 12

Full name	Abbr.	Corporate income tax rate	Remark
Pt.Haida Agriculture Indonesia	Haida Indonesia	25%	Note 20
Pt.Haida Surabaya Trading	Haida Surabaya	25%	Note 20
Jiangxi Haid Feed Co., Ltd.	Jiangxi Haid	25%	
Guangzhou Haid Feed Co., Ltd.	Guangzhou Haid	25%	
Guangdong Hisenor Group Co., Ltd.	Guangdong Hisenor	12.50%	Note 3
Zhanjiang Hisenor Marine Biotechnology Co., Ltd.	Zhanjiang Hisenor	12.50%	Note 3
Hainan Hisenor Marine Biotechnology Co., Ltd.	Hainan Hisenor	15% or 12.50%	Note 3
Rongcheng Rongchuan Biotechnology Co., Ltd.	Rongcheng Rongchuan	25%	
Rongcheng Yandunjiao Fish Meal Co., Ltd.	Rongcheng Yandunjiao	25% or free of income tax	Note 4
Fujian Haidun Feed Co., Ltd.	Fujian Haidun	25% or free of income tax	Note 5
Pucheng Haidun Feed Co., Ltd.	Pucheng Haidun	25% or free of income tax	Note 5
Xinjiang Xiyu Haihua Resources Co., Ltd.	Xiyu Haihua	25%	
Guangzhou Youju Feed Trading Co., Ltd.	Guangzhou Youju	25%	
Jinzhou Zhengyuan Grains Trading Co., Ltd.	Jinzhou Zhengyuan	25%	
Yingkou Fengmu Agricultural Development Co., Ltd.	Yingkou Fengmu	25%	
Guangzhou Haiyou Trade Co., Ltd.	Guangzhou Haiyou	25%	
Alaer Ruiliheng Biological Protein Co., Ltd.	Alaer Ruiliheng	Free of income tax	Note 19
Ningbo Fengmu Agricultural Development Co., Ltd.	Ningbo Fengmu	25%	
Maoming Hailong Feed Co., Ltd.	Maoming Hailong	25%	
Nanchang Haid Biotechnology Co., Ltd.	Nanchang Haid	25%	
Zhuhai Rongchuan Feed Co., Ltd.	Zhuhai Rongchuan	15%	Note 1

Full name	Abbr.	Corporate income tax rate	Remark
Jieyang Haid Feed Co., Ltd.	Jieyang Haid	25%	
Foshan Sanshuifanling Feed Co., Ltd.	Sanshuifanling	25%	
Dalian Haid Rongchuan Trading Co., Ltd.	Dalian Rongchuan	25%	
Haid International Group Limited	Haid International	Free of income tax or 8.25%	Note 22
China Haida Feed Group (HK) Limited	Haida HK	16.50%	Note 9
Rickworth Investments Limited	Rickworth	Free of income tax	Note 8
Hong Kong Longreat Trading Co., Limited	Hong Kong Longreat	16.50%	Note 9
Haid Feed Company Limited	Dong Nai Haid	Free of income tax	Note 10
Dancl Limited	Dancl	16.50%	Note 9
Panasia Trading Resources Limited	Panasia Trading	Free of income tax	Note 8
Sheng Long International Ltd.	Sheng Long International	Free of income tax	Note 8
Sheng Long Bio-Tech International Co.,Ltd	Sheng Long Bio-Tech	10% or 20%	Note 10
Long Sheng International Co.,Ltd	Long Sheng International	10%	Note 10
Hisenor International Limited	Hisenor International	Free of income tax	Note 8
Hisenor Viet Nam Aquatic Breeding Co.,Ltd	Hisenor Viet Nam	Free of income tax	Note 10
Kembang Subur International Ltd.	Kembang Subur International		Note 11
Namduong Vietnam Aquatic Hatchery Co.,Ltd.	Namduong Vietnam	Free of income tax	Note 10
Sheng Long Bio Tech(M)SDN.BHD.	Sheng Long	24%	Note 11

Full name	Abbr.	Corporate income tax rate	Remark
	Malaysia		
Sheng Long Aqua Technology(M)SDN.BHD.	Sheng Long Aqua Malaysia	24%	Note 11
Nano South Limited	Nano	Free of income tax	Note 8
Oceanic Forward Ventures Limited	Oceanic	Free of income tax	Note 8
Power Spring Investments Limited	Power Spring	Free of income tax	Note 8
Link Tide Limited	Link	Free of income tax	Note 8
Changzhou Haid Bio-Feed Co., Ltd.	Changzhou Haid	25% or 12.50%	Note 3
Hainan Haiwei Feed Co., Ltd.	Hainan Haiwei	25%	
Tianjin Haid Feed Co., Ltd.	Tianjin Haid	25%	
Jiangmen A&T Xinhui Feed Co., Ltd.	A&T Xinhui	25%	
Tianmen Haid Feed Co., Ltd.	Tianmen Haid	25%	
Zhuhai Hailong Biotechnology Co., Ltd.	Zhuhai Hailong	15%	Note 1
Yangjiang Haid Feed Co., Ltd.	Yangjiang Haid	25%	
Guigang Haid Feed Co., Ltd.	Guigang Haid	25%	
Yiyang Haid Feed Co., Ltd.	Yiyang Haid	25%	
Nantong Haid Biotechnology Co., Ltd.	Nantong Haid	25%	
Yunnan Haid Biotechnology Co., Ltd.	Yunnan Haid	15%	Note 1
Guangzhou Hailong Feed Co., Ltd.	Guangzhou Hailong	25%	
Zhaoqing Haid Feed Co., Ltd.	Zhaoqing Haid	25%	
Wuhan Aquaera Biotechnology Co., Ltd.	Wuhan Aquaera	25%	
Shenzhen Longreat Trading Co., Ltd.	Shenzhen Longreat	25%	
Lanking Pte.Ltd.	Lanking	17%	Note 12
Haid Lanking International Trading, Inc.	Lanking America		Note 13
Lanking Nemo(Sg) Pte.Ltd.	Lanking Nemo	17%	Note 12

Full name	Abbr.	Corporate income tax rate	Remark
Sheng Long Bio-Tech (India) Private Limited	Sheng Long India	25%	Note 14
Lanking Rickworth Pte.Ltd.	Lanking Rickworth	17%	Note 12
Lanking Nano PTE.LTD.	Lanking Nano	17%	Note 12
Hai Duong Haid Company Limited	Hai Duong Haid	Free of income tax	Note 10
Hai Dai Company Limited	Hai Dai Company Limited	Free of income tax	Note 10
Vinh Long Hai Dai Co.,Ltd	Vinh Long Hai Dai	Free of income tax	Note 10
Hunan Dongting Haid Feed Co., Ltd.	Dongting Haid	25%	
Zhangzhou Haid Feed Co., Ltd.	Zhangzhou Haid	25%	
Anhui Haid Feed Co., Ltd.	Anhui Haid	25%	
Xiangtan Haid Feed Co., Ltd.	Xiangtan Haid	25%	
Guangzhou Changsheng Logistics Co., Ltd.	Changsheng Logistics	25%	
Guangzhou Cangyouliang Trading Co., Ltd.	Guangzhou Cangyouliang	25%	
Guangzhou Zhongcangsheng Commercial & Trading Co., Ltd.	Guangzhou Zhongcangsheng	25%	
Guangzhou Danong Enterprise Management Co., Ltd.	Guangzhou Danong	25%	
Dingtao Hairong Livestock Farming Service Specialized Cooperative	Dingtao Hairong	Free of income tax	Note 15
Chengnan Development Zone Hairong Livestock Farming Service Specialized Cooperative	Chengnan Hairong	25% or free of income tax	Note 16
Guigang Hairong Farming Service Specialized Cooperative	Guigang Hairong	25% or free of income tax	Note 16

Full name	Abbr.	Corporate income tax rate	Remark
Zhangzhou Longwen Hairong Farming Service Specialized Cooperative	Zhangzhou Hairong	Free of income tax	Note 15
Changzhou Hairong Aqua Farming Service Specialized Cooperative	Changzhou Hairong	25%	
Guangzhou Haifengchang Enterprise Management Co., Ltd.	Guangzhou Haifengchang	25%	
Wuhan Zeyi Investment Co., Ltd.	Wuhan Zeyi	25%	
Shandong Haiding Agriculture and Animal Husbandry Co., Ltd.	Shandong Haiding	25%	
Suixian Yuliang Haiding Feed Co., Ltd.	Suixian Haiding	25%	
Yuncheng Haiding Hongda Feed Co., Ltd.	Yuncheng Haiding	25%	
Heze Development Zone Haiding Commercial & Trading Co., Ltd.	Heze Haiding Commercial & Trading	25%	
Dingtao Haiding Feed Co., Ltd.	Dingtao Haiding	25%	
Liaocheng Haiding Feed Co., Ltd.	Liaocheng Haiding	25%	
Shanxian Zhongyi Haiding Feed Co., Ltd.	Shanxian Haiding	25%	
Xinxiang Haiding Feed Co., Ltd.	Xinxiang Haiding	25%	
Xinxiang Hairuida Feed Co., Ltd.	Xinxiang Hairuida	25%	
Heze Haiding Feed Technology Co., Ltd.	Heze Haiding Feed	15%	Note 1
Jining Haiding Feed Co., Ltd.	Jining Haiding	25%	
Feixian Hairuida Feed Co., Ltd.	Feixian Hairuida	25%	
Yinan Haiding Feed Co., Ltd.	Yinan Haiding	25%	
Liaocheng Haiding Food Co., Ltd.	Liaocheng Food	25%	
Qufu Haiding Commercial & Trading Co., Ltd.	Qufu Haiding	25%	

Full name	Abbr.	Corporate income tax rate	Remark
Tengzhou Fengcheng Feed Co., Ltd.	Tengzhou Fengcheng	20%	Note 18
Binzhou Haiding Feed Co., Ltd.	Binzhou Haiding	25%	
Jining Fengcheng Feed Co., Ltd.	Jining Fengcheng	25%	
Dong'e Dingxin Farming Service Co., Ltd.	Dong'e Dingxin	Free of income tax	Note 2
Heze Haiding Ecological Farming Co., Ltd.	Heze Haiding Farming	Free of income tax	Note 2
Xishui Haid Feed Co., Ltd.	Xishui Haid	25%	
Yancheng Haid Bio-Feed Co., Ltd.	Yancheng Haid	25%	
Honghu Haid Feed Co., Ltd.	Honghu Haid	25%	
Kaifeng Haid Feed Co., Ltd.	Kaifeng Haid	25%	
Guangzhou Heshengtang Biotechnology Co., Ltd.	Guangzhou Heshengtang Biotechnology	25%	
Guangzhou Heshengtang Veterinary Pharmaceutical Co., Ltd.	Guangzhou Heshengtang Pharmaceutical	25%	
Guangdong Haid Livestock Veterinary Research Institute Co., Ltd.	Haid Livestock Veterinary Research Institute	25%	
Henan Haihe Agriculture and Animal Husbandry Technology Co., Ltd.	Henan Haihe	25%	
Xuchang Haihe Feed Co., Ltd.	Xuchang Haihe	25%	
Anyang Haihe Agriculture and Animal Husbandry Technology Co., Ltd.	Anyang Haihe	25%	
Jiyuan Haihe Jinyu Feed Co., Ltd.	Jiyuan Haihe	25%	

Full name	Abbr.	Corporate income tax rate	Remark
Suqian Haid Feed Co., Ltd.	Suqian Haid	25%	
Huaihua Haid Feed Co., Ltd.	Huaihua Haid	25%	
Guangzhou Meinong Investment Management Co., Ltd.	Guangzhou Meinong	25%	
Haid (Ecuador) Feed Cia.Ltda	Haid Ecuador	22%	Note 17
Guangdong Hairuite Pet Nitribution Technology Co., Ltd.	Guangdong Hairuite	25%	
Guangzhou Haijian Investment Co., Ltd.	Guangzhou Haijian	25%	
Foshan Nanhai Bairong Aquatic Farming Co., Ltd.	Nanhai Bairong	12.50%	Note 3
Zhaoqing Bairong Aquatic Farming Co., Ltd.	Zhaoqing Bairong	12.50%	Note 3
Qingyuan Bairong Aquatic Farming Co., Ltd.	Qingyuan Bairong	12.50%	Note 3
Yangxin Bairong Aquatic Farming Co., Ltd.	Yangxin Bairong	12.50%	Note 3
Jingzhou Bairong Aquatic Farming Co., Ltd.	Jingzhou Bairong	12.50%	Note 3
Hunan Innovation Biotechnology Limited	Hunan Innovation	15%	Note 1
Guangzhou Haishengke Investment Co., Ltd.	Guangzhou Haishengke	25%	
Sichuan Hailinger Biopharmaceutical Co., Ltd.	Sichuan Hailinger	25%	
Sanming Haid Feed Co., Ltd.	Sanming Haid	25%	
Qingyuan Haid Biotechnology Co., Ltd.	Qingyuan Haid	25%	
Qingyuan Hainong Agriculture and Animal Husbandry Co., Ltd.	Qingyuan Hainong	Free of income tax	Note 2
Xuancheng Haid Biotechnology Co., Ltd.	Xuancheng Haid	25%	
Guangdong Shunde Haid Biotechnology Co., Ltd.	Shunde Haid	25%	
Jiaxing Haid Yongwang Bio-Feed Co., Ltd.	Jiaxing Haid	25%	
Shijiazhuang Weike Biotechnology Co., Ltd.	Shijiazhuang Weike	15%	Note 1

Full name	Abbr.	Corporate income tax rate	Remark
Chongqing Haid Feed Co., Ltd.	Chongqing Haid	25%	
Shenyang Haid Feed Co., Ltd.	Shenyang Haid	25%	
Jiangsu Haihe Agriculture and Animal Husbandry Co., Ltd.	Jiangsu Haihe	25%	
Xuzhou Haihe Feed Co., Ltd.	Xuzhou Haihe	25%	
Lianyungang Haihe Feed Co., Ltd.	Lianyungang Haihe	25%	
Xuzhou Haid Hexin Feed Co., Ltd.	Xuzhou Haid	25%	
Anshan Dachuan Feed Technology Co., Ltd.	Anshan Dachuan	25%	
Guangzhou Haiyuan Factoring Co., Ltd.	Guangzhou Haiyuan Factoring	25%	
Heze Dingtao Hairong Farming Specialized Cooperative Association	Heze Hairong	25%	
Haid Pet Care Co., Ltd.	Haid Pet	25%	
Haid Pet Care (Weihai) Co., Ltd.	Weihai Pet	25%	
Qijing Zhihai Feed Co., Ltd.	Qijing Zhihai	25%	
Dali Haiwang Feed Co., Ltd.	Dali Haiwang	25%	
Yibin Zhihai Feed Co., Ltd.	Yibin Zhihai	25%	
Guiyang Haid Zhihai Feed Co., Ltd.	Guiyang Zhihai	25%	
Yichang Zhihai Feed Co., Ltd.	Yichang Zhihai	25%	
Meishan Haid Zhihai Feed Co., Ltd.	Meishan Zhihai	25%	
Ganzhou Haid Biotechnology Co., Ltd.	Ganzhou Haid	25%	
Foshan Haid Hangbiao Feed Co., Ltd.	Foshan Haid	25%	
Guangzhou Zecan Investment Management Co., Ltd.	Guangzhou Zecan	25%	
Guangzhou Punong Investment Management Co., Ltd.	Guangzhou Punong	25%	

Full name	Abbr.	Corporate income tax rate	Remark
Shandong Fengying Food Co., Ltd.	Shandong Fengying	25%	
Jiaxiang Haiying Food Co., Ltd.	Jiaxiang Haiying	Free of income tax	Note 6
Linxi County Haiying Food Co., Ltd.	Linxi Haiying	Free of income tax	Note 6
Guangzhou Yuannong Investment Management Co., Ltd.	Guangzhou Yuannong	25%	
Guangdong Haid Poverty Alleviation Investment Development Co., Ltd.	Guangdong Haid Poverty Alleviation	25%	
Liyang Jiuhe Feed Co., Ltd.	Liyang Jiuhe	25%	
Shaoguan Haid Biotechnology Co., Ltd.	Shaoguan Haid	25%	
Shandong Daxin Group Co., Ltd.	Shandong Daxin	25%	
Qingdao Daxin Feed Co., Ltd.	Qingdao Daxin	25%	
Qingdao Huaxin Feed Co., Ltd.	Qingdao Huaxin	25%	
Weifang Daxin Feed Co., Ltd.	Weifang Daxin	25%	
Yantai Daxin Feed Co., Ltd.	Yantai Daxin	25%	
Linyi Yihe Feed Co., Ltd.	Linyi Yihe	25%	
Jiangsu Daxin Feed Co., Ltd.	Jiangsu Daxin	25%	
Shandong Daxin Agriculture and Animal Husbandry Technology Co., Ltd.	Shandong Daxin Agriculture and Animal Husbandry	25%	
Qingdao Zhizhuxia Pig Farming Services Co., Ltd.	Qingdao Zhizhuxia	25%	
Liaocheng Daxin Feed Co., Ltd.	Liaocheng Daxin	25%	
Huanan Hailong Feed Co., Ltd.	Huanan Hailong	25%	
Hunan Jinhuilong Agriculture and Animal Husbandry Development Co., Ltd.	Hunan Jinhuilong	25%	
Yueyang Jinhuilong Biotechnology Co., Ltd.	Yueyang Jinhuilong	25%	

Full name	Abbr.	Corporate income tax rate	Remark
Jiaozuo Jinhuilong Biotechnology Co., Ltd.	Jiaozuo Jinhuilong	25%	
Jiangsu Jinhuilong Biotechnology Co., Ltd.	Jiangsu Jinhuilong	25%	
Shijiazhuang Huilong Feed Co., Ltd.	Shijiazhuang Huilong	25%	
Handan Huilong Feed Co., Ltd.	Handan Huilong	25%	
Fuzhou Haid Feed Co., Ltd.	Fuzhou Haid	25%	
Zhaoqing Gaoyao Haid Biotechnology Co., Ltd.	Gaoyao Haid	25%	
Nanning Haid Biological Technology Co., Ltd.	Nanning Haid	25%	
Ganzhou Hailong Feed Co., Ltd.	Ganzhou Hailong	25%	
Yancheng Dachuan Feed Co., Ltd.	Yancheng Dachuan	25%	
Guangdong Mutai Biological Technology Co., Ltd.	Guangdong Mutai	25%	
Guangzhou Haiyuan Micro-Credit Co., Ltd.	Guangzhou Haiyuan Micro-Credit	25%	
Guangdong Haid Biological Technology Co., Ltd.	Guangdong Haid Biological Technology	25%	
Jiangmen Rongchuan Feed Co., Ltd.	Jiangmen Rongchuan	25%	
Chongqing Zhihai Feed Co., Ltd.	Chongqing Zhihai	25%	
Meizhou Haid Biological Technology Co., Ltd.	Meizhou Haid	25%	
Yicheng Haid Biological Technology Co., Ltd.	Yicheng Haid	25%	
Heshan Ronghai Feed Co., Ltd.	Heshan Ronghai	25%	
Hexian Haid Biologicla Technology Co., Ltd.	Hexian Haid	25%	

Note 1: The Company's subsidiaries Guangzhou Haiwei, Guangzhou Dachuan, Jiangmen Haid, Guangdong Haid, Qingyuan Haibei, Zhuhai Rongchuan, Zhuhai Hailong, Yunnan Haid, Heze Haiding Feed, Hunan Innovation and Shijiazhuang Weike were recognized as high-tech enterprises by their respective provincial departments of science and technology, departments of

finance, offices of the State Administration of Taxation or local taxation bureaus for an effective period of three years. As such, they were subject to a corporate income tax rate of 15% in 2018.

Note 2: The Company's subsidiaries Enping Fengwo, Yangxi Fengwo, Yangdong Fengwo, Enping Yitun, Gaozhou Sanhe, Yingde Yitun, Hunan Yitun, Hengyang Jisheng, Yueyang Yitun, Sihui Yitun, Qintang Yitun, Pingnan Yitun, Pingguo Yitun, Guiping Yitun, Hengyang Yitun, Hengshan Yitun, Gangbei Yitun, Duyun Yitun, Rongjiang Yitun, Binyang Yitun, Yicheng Yitun, Zixing Yitun, Changning Yitun, Guigang Donghuang, Yantai Zhizhuren, Laizhou Zhizhuren, Zhenjiang Yitun, Shandong Yitun, Qinzhou Yitun, Feicheng Heruifeng, Weifang Xuheng, Linyi Yitun, Zoucheng Mulian Zhongxing, Jianong Lianyungang, Guiding Yituan, Binyang Heji Yituan, Shaoyang Yitun, Shaaxi Haid, Dong'e Dingxin, Heze Haiding Farming and Qingyuan Hainong enjoyed income from livestock and poultry farming free of corporate income tax as per the Corporate Income Tax Law of the People's Republic of China and the Regulation on the Implementation of the Corporate Income Tax Law of the People's Republic of China.

Note 3: The Company's subsidiaries Guangdong Hisenor, Zhanjiang Hisenor, Hainan Hisenor (recognized as a high-tech enterprise by the provincial department of science and technology, department of finance, office of the State Administration of Taxation or local taxation bureau), Yangxin Bairong, Jingzhou Bairong, Qingyuan Bairong, Nanhai Bairong, Zhaoqing Bairong, Enping Fengwo, Taizhou Haid and Changzhou Haid were subject to a corporate income tax rate of half of 25% on their income from marine and/or inland aquaculture according to item 27 of the Corporate Income Tax Law of the People's Republic of China and item 86 of the Regulation on the Implementation of the Corporate Income Tax Law of the People's Republic of China. The Company's subsidiaries Taizhou Haid and Changzhou Haid were subject to half the corporate income tax on their income from agriculture, forestry, animal husbandry or fishery as per item 27, sub-item 1 of the Corporate Income Tax Law of the People's Republic of China, as well as to a corporate tax rate of 25% on other income.

Note 4: The Company's subsidiary Rongcheng Yandunjiao was exempted from corporate income tax on fish and shrimp meal income for these products were primarily processed agricultural products as stated in the Notice of the Ministry of Finance and State Administration of Taxation on Announcing the Scope of Primary Processing of Agricultural Products Covered by Preferential Policies on Corporate Income Tax (for Trial Implementation) (CS [2008] No. 149, as well as was subject to a corporate income tax of 25% on other income.

Note 5: The Company's subsidiaries Fujian Haidun and Pucheng Haidun were exempted from corporate income tax on chicken meal income for this product was a primarily processed agricultural product as stated in the Notice of the Ministry of Finance and State Administration of Taxation on Announcing the Scope of Primary Processing of Agricultural Products Covered by Preferential Policies on Corporate Income Tax (for Trial Implementation) (CS [2008] No. 149, as well as were subject to a corporate income tax of 25% on other income.

Note 6: The Company's subsidiaries Jiexiang Haiying and Linxi Haiying were exempted from corporate income tax on their income from selling slaughtered and cut poultry and rabbits for these products were primarily processed agricultural products as stated in the Notice of the Ministry of Finance and State Administration of Taxation on Announcing the Scope of Primary Processing of Agricultural Products Covered by Preferential Policies on Corporate Income Tax (for Trial Implementation) (CS [2008] No. 149, as well as were subject to a corporate income tax of 25% on other income.

Note 7: The Company's subsidiaries Chengdu Haid and Yangling Haid are enjoying a preferential corporate income tax rate of 15% for the period from 2013 to 2020 and the period from 2018 to 2020, respectively, as enterprises involved in the Western China Development program in accordance with the Notice of the Ministry of Finance, the General Administration of Customs and the State Administration of Taxation on Tax Policy Issues concerning Further Implementing the Western China Development Strategy (CS [2011] No. 58) and the Announcement of the State Administration of Taxation on Issues Concerning Corporate Income Tax Related with Enhancing

the Western China Development Strategy (no. 12 in 2012).

Note 8: Registered in the British Virgin Islands, the Company's subsidiaries Rickworth, Panasia Trading, Sheng Long International, Hisenor International, Nano, Oceanic, Power Spring and Link are exempted from corporate income tax according to the local tax law.

Note 9: Registered in Hong Kong, the Company's subsidiaries Haida HK, Hong Kong Longreat and Dancl are subject to a profit tax rate of 16.50% according to the local tax law.

Note 10: The Company's subsidiaries Sheng Long Bio-Tech, Long Sheng International, Hisenor Vietnam, Dong Nai Haid, Hai Duong Haid, Hai Dai Company Limited, Namduong Vietnam and Vinh Long Hai Dai are registered in Vietnam. Sheng Long Bio-Tech and Long Sheng International was subject to a preferential corporate income tax rate of 10% in 2018 for making new investments in the local poor areas; Hisenor Vietnam has been exempted from corporate income tax since 2015, which means it did not have to pay such tax in 2018; Dong Nai Haid is enjoying a preferential policy that exempts it from corporate income tax for two years starting from the year it makes profit and grants it a halved corporate income tax rate in the subsequent four years, which means it did not have to pay such tax in 2018; Hai Duong Haid is enjoying a preferential policy that exempts it from corporate income tax for two years starting from the year it obtains revenue and grants it a halved corporate income tax rate in the subsequent four years, which means it did not have to pay such tax in 2018; and Hai Dai Company Limited, Namduong Vietnam and Vinh Long Hai Dai were exempted from corporate income tax as per the local tax law, which means they did not have to pay such tax in 2018.

Note 11: Registered in Malaysia, the Company's subsidiaries Sheng Long Malaysia, Kembang Subur International and Sheng Long Aqua Malaysia were subject to a corporate income tax rate of 24% as per the local tax law. And Kembang Subur International could choose to pay its corporate income tax at either 3% of the taxable income or a fixed amount of MYR20,000.00 (approximately USD5,200).

Note 12: Registered in Singapore, the Company's subsidiaries Lanking, Lanking Nemo, Lanking Rickworth, Lanking Nano, Kinghill Holdings, Kinghill Pte., Kinghill Resources and Kinghill Agri were subject to a corporate income tax rate of 17% as per the local tax law.

Note 13: Registered in the U.S., the Company's subsidiary Lanking America is subject to variable tax rates according to the country's federal taxation system. For 2018, the subsidiary needed not to pay the federal corporate income tax due to loss and only needed to pay the minimum tax of USD800 of California (8.84% of the taxable income for the corporate income tax required by California).

Note 14: Registered in India, the Company's subsidiary Sheng Long India was subject to a corporate income tax rate of 25% as per the local tax law.

Note 15: The Company's subsidiaries Dingtao Hairong and Zhangzhou Hairong were exempted from corporate income tax in 2018 on their income from agriculture, forestry, animal husbandry or fishery as per item 27, sub-item 1 of the Corporate Income Tax Law of the People's Republic of China.

Note 16: The Company's subsidiaries Chengnan Hairong and Guigang Hairong were exempted from corporate income tax in 2018 on their income from agriculture, forestry, animal husbandry or fishery and subject to a corporate income tax rate of 25% on other income as per item 27, sub-item 1 of the Corporate Income Tax Law of the People's Republic of China.

Note 17: Registered in Ecuador, the Company's subsidiary Haid Ecuador was exempted from corporate income tax in 2018 as a new investment program as per the production promotion law newly promulgated by Ecuador's government.

Note 18: The Company's subsidiaries Anyang Haiyue and Tengzhou Fengcheng were subject to a corporate income tax rate of 20% on a 50% taxable income for they belonged to small low-profit enterprises with lower than RMB1 million (inclusive) of yearly taxable income as per the Notice of the Ministry of Finance and the State Administration of Taxation on Further Expanding the Scope of Preferential Income Tax Policies Regarding Small Low-Profit Enterprises (CS (2018) No. 77).

Note 19: The Company's subsidiary Xinjiang Ruiliheng was exempted from corporate income tax on income from cottonseed oil, cottonseed meal, boll hull, cotton linter, Chinese honeylocust fruit and grey cotton for these products were primarily processed agricultural products as stated in the Notice of the Ministry of Finance and State Administration of Taxation on Announcing the Scope of Primary Processing of Agricultural Products Covered by Preferential Policies on Corporate Income Tax (for Trial Implementation) (CS [2008] No. 149), as well as were subject to a corporate income tax of 25% on other income.

Note 20: Registered in Indonesia, the Company's subsidiaries Haida Indonesia and Haida Surabaya were subject to a corporate income tax rate of 25% as per the local tax law.

Note 21: The Company's subsidiary Guangzhou Panyu Dachuan Feed Co., Ltd. has changed its name to "Guangzhou Dachuan Feed Co., Ltd." in May 2018.

Note 22: Registered in the British Virgin Islands, the Company's subsidiary Haid International was exempted from corporate income tax according to the local tax law. Meanwhile, as a Hong Kong taxable resident enterprise with its business premises in the city, Haid International was subject to a halved income tax rate of 8.25% on its treasury center business in 2018.

V Notes to Key Items in Consolidated Financial Statements

1. Monetary Assets

Item	31 December 2018	31 December 2017
Cash on hand	3,458,157.23	4,118,236.03
Cash at bank	1,637,357,730.01	1,313,924,748.67
Other cash balances	94,593,951.34	74,003,455.63
Total	1,735,409,838.58	1,392,046,440.33
Including: Cash abroad	331,878,873.97	282,322,002.27

Note: For information about the restricted amounts among the closing monetary assets, see note 5, "58. Assets with Restricted Ownership or Use Rights" herein.

2. Financial Assets Measured at Fair Value

Item	31 December 2018	31 December 2017
Trading financial assets	49,672,592.73	9,601,140.00

Item	31 December 2018	31 December 2017
Including: Derivative financial assets	49,672,592.73	9,601,140.00
Total	49,672,592.73	9,601,140.00

Notes: (1) There were no such financial assets measured at fair value as restrictively realizable as of the end of the Reporting Period.

(2) Derivative financial assets were the fair value of futures, swap, option and forward contracts.

3. Notes and Accounts Receivable

Item	31 December 2018	31 December 2017
Notes receivable	10,509,311.36	19,209,112.07
Accounts receivable	1,096,136,255.70	760,285,344.09
Total	1,106,645,567.06	779,494,456.16

(1) Notes Receivable

1) Notes Receivable by Category

Item	31 December 2018	31 December 2017
Bank acceptance notes	8,096,644.82	14,470,002.00
Usance letters of credit	2,412,666.54	4,739,110.07
Total	10,509,311.36	19,209,112.07

2) The Group had no notes receivable in pledge as of the end of the Reporting Period.

3) As of the end of the Reporting Period, the Group's notes receivable that were not mature but had been endorsed to other parties, or that had been discounted are as follows:

Item	Derecognized	Recognized
Bank acceptance notes	46,700,000.00	-
Total	46,700,000.00	-

4) As of the end of the Reporting Period, the Group had no notes that were reclassified into accounts receivable

due to note drawers not performing their obligations.

(2) Accounts Receivable

1) Accounts Receivable by Category

Category	31 December 2018				
	Gross amount		Allowance for doubtful accounts		Carrying value
	Amount	Percentage (%)	Amount	Allowance ratio (%)	
Accounts receivable with amounts that were individually significant and for which the allowance for doubtful accounts was provided on the individual basis	46,902,225.22	3.81	40,331,971.79	85.99	6,570,253.43
Groups of accounts receivable from external parties for which the allowance for doubtful accounts was not provided on the individual basis	1,026,676,499.20	83.47	71,543,945.62	6.97	955,132,553.58
Accounts receivable with amounts that were not individually significant but for which the allowance for doubtful accounts was provided on the individual basis	23,167,342.43	1.88	20,025,726.68	86.44	3,141,615.75
Accounts receivable in factoring	133,291,200.95	10.84	1,999,368.01	1.50	131,291,832.94
Total	1,230,037,267.80	100.00	133,901,012.10	10.89	1,096,136,255.70
Category	31 December 2017				
	Gross amount		Allowance for doubtful accounts		Carrying value
	Amount	Percentage (%)	Amount	Allowance ratio (%)	

Accounts receivable with amounts that were individually significant and for which the allowance for doubtful accounts was provided on the individual basis	29,082,343.42	3.36	23,993,406.90	82.50	5,088,936.52
Groups of accounts receivable from external parties for which the allowance for doubtful accounts was not provided on the individual basis	706,586,058.62	81.75	54,908,664.25	7.77	651,677,394.37
Accounts receivable with amounts that were not individually significant but for which the allowance for doubtful accounts was provided on the individual basis	25,715,249.01	2.97	23,651,235.81	91.97	2,064,013.20
Accounts receivable in factoring	103,000,000.00	11.92	1,545,000.00	1.50	101,455,000.00
Total	864,383,651.05	100.00	104,098,306.96	12.04	760,285,344.09

① Among the groups of accounts receivable from external parties for which the allowance for doubtful accounts was not provided on the individual basis, the accounts receivable for which the allowance for doubtful accounts was provided on the aging basis are as follows:

Category	31 December 2018			
	Gross amount		Allowance for doubtful accounts	
	Amount	Percentage (%)	Amount	Allowance ratio (%)
Within 1 year	939,037,801.36	91.47	46,889,234.28	5.00
1 to 2 years	43,681,424.83	4.25	4,368,142.48	10.00
2 to 3 years	14,500,114.20	1.41	3,625,028.55	25.00
3 to 4 years	11,616,923.27	1.13	4,646,769.31	40.00
4 to 5 years	9,709,107.56	0.95	3,883,643.02	40.00

Category	31 December 2018			
	Gross amount		Allowance for doubtful accounts	
	Amount	Percentage (%)	Amount	Allowance ratio (%)
Over 5 years	8,131,127.98	0.79	8,131,127.98	100.00
Total	1,026,676,499.20	100.00	71,543,945.62	—

② The accounts receivable in factoring for which the allowance for doubtful accounts was provided on the credit risk grouping basis are as follows:

Category	31 December 2018			
	Gross amount		Allowance for doubtful accounts	
	Amount	Percentage (%)	Amount	Allowance ratio (%)
Normal	133,291,200.95	100.00	1,999,368.01	1.50
Total	133,291,200.95	100.00	1,999,368.01	1.50

③ As of the end of the Reporting Period, the accounts receivable with amounts that were individually significant and for which the allowance for doubtful accounts was provided on the individual basis are as follows:

Accounts receivable	Gross amount	Allowance for doubtful accounts	Ratio of allowance for doubtful accounts	Reason for providing allowance for doubtful accounts
Customer A	13,617,374.06	10,893,899.24	80.00	Expected to be partially recoverable
Customer B	7,413,325.81	7,413,325.81	100.00	Expected to be unrecoverable
Customer C	5,540,546.52	4,432,437.22	80.00	Expected to be partially recoverable
Customer D	4,801,489.19	4,801,489.19	100.00	Expected to be unrecoverable
Customer E	2,077,712.34	1,246,627.40	60.00	Expected to be

Accounts receivable	Gross amount	Allowance for doubtful accounts	Ratio of allowance for doubtful accounts	Reason for providing allowance for doubtful accounts
				partially recoverable
Customer F	1,973,741.00	1,973,741.00	100.00	Expected to be unrecoverable
Customer G	1,950,094.64	1,950,094.64	100.00	Expected to be unrecoverable
Customer H	1,924,818.00	384,963.60	20.00	Expected to be partially recoverable
Customer I	1,838,649.87	1,470,919.90	80.00	Expected to be partially recoverable
Customer J	1,817,600.90	1,817,600.90	100.00	Expected to be unrecoverable
Customer K	1,670,777.35	1,670,777.35	100.00	Expected to be unrecoverable
Customer L	1,250,064.54	1,250,064.54	100.00	Expected to be unrecoverable
Customer M	1,026,031.00	1,026,031.00	100.00	Expected to be unrecoverable
Total	46,902,225.22	40,331,971.79	85.99	——

(2) Allowances for Doubtful Accounts Made and Reversed in Current Period

For the Current Period, the allowance made for doubtful accounts amounted to RMB 42,006,719.10 and the recovered or reversed amount was RMB 2,576,517.56.

(3) Accounts Receivable Actually Written off for Current Period

Item	Amount written off

Item	Amount written off
Payments due from customers	9,347,707.45
Total	9,347,707.45

Important accounts receivable written off are as follows:

Party involved	Nature of account receivable	Amount written off	Reason for writing off	Writing off procedure performed	Account receivable arising from a related-party transaction
Customer N	Payment for goods	1,199,562.00	Expectedly unrecoverable with an account age of 4-5 years	Concrete evidence for irrecoverability was obtained and internal approval was given for the write off	No
Customer O	Payment for goods	1,145,058.38	Expectedly unrecoverable with an account age of 4-5 years	Concrete evidence for irrecoverability was obtained and internal approval was given for the write off	No
Total	—	2,344,620.38	—	—	—

(4) Accounts Receivable from Top Five Debtors with Largest Closing Balance

The total accounts receivable from the top five debtors with the largest closing balance amounted to RMB 201,274,740.35, accounting for 16.36% of the Group's total closing balance of accounts receivable, with the total corresponding closing balance of the allowance for doubtful accounts being RMB 5,468,237.01.

(5) No accounts receivable were derecognized due to transfer of financial assets in the Current Period.

(6) There were no such cases in the Current Period where the Group had transferred an account receivable but continued to be involved in the assets or liabilities associated with that account receivable.

4. Prepayments

(1) Prepayments by Aging

Aging	31 December 2018		31 December 2017	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	423,040,576.54	99.57	744,308,048.39	99.94

Aging	31 December 2018		31 December 2017	
	Amount	Percentage (%)	Amount	Percentage (%)
1 to 2 years	1,678,650.89	0.40	224,679.08	0.03
2 to 3 years	39,566.69	0.01	93,462.33	0.01
3 to 5 years	91,228.50	0.02	109,532.77	0.02
Total	424,850,022.62	100.00	744,735,722.57	100.00

Note: Prepayments over 1 year were mainly unsettled prepayments to suppliers.

(2) Top Five Parties with the Group's Largest Prepayments

The total prepayments to the top five parties with the Group's largest closing prepayment balances amounted to RMB 94,482,374.15, accounting for 22.24% of the closing balance of the Group's total prepayments, which were all prepayments for inventories.

5. Other Receivables

Item	31 December 2018	31 December 2017
Interest receivable	1,794,497.12	1,802,621.51
Dividends receivable	-	-
Other receivables	500,421,076.13	360,198,872.96
Total	502,215,573.25	362,001,494.47

(1) Interest Receivable

Item	31 December 2018	31 December 2017
Interest receivable on investments in bank's wealth management products	8,630.13	964,410.93
Interest receivable on bank deposits	1,129,419.75	828,640.58

Item	31 December 2018	31 December 2017
Interest receivable in factoring	639,862.53	9,570.00
Interest receivable on loans	16,584.71	-
Total	1,794,497.12	1,802,621.51

(2) Dividends Receivable

There were no dividends receivable during the reporting period.

(3) Other Receivables

1) Other Receivables by Category

Category	31 December 2018				
	Gross amount		Allowance for doubtful accounts		Carrying value
	Amount	Percentage (%)	Amount	Allowance ratio (%)	
Other receivables with amounts that were individually significant and for which the allowance for doubtful accounts was provided on the individual basis	58,320,027.80	10.16	49,796,172.62	85.38	8,523,855.18

Other receivables for which the allowance for doubtful accounts was provided on the group basis

Groups of other receivables from external parties for which the allowance for doubtful accounts was not provided on the individual basis	375,822,856.48	65.50	21,415,319.53	5.70	354,407,536.95
Groups of futures margin	137,489,684.00	23.96	-	-	137,489,684.00
Subtotal of groups of other receivables	513,312,540.48	89.46	21,415,319.53	4.17	491,897,220.95

Other receivables with amounts that were not individually significant but for which the allowance for doubtful accounts was provided on the individual basis	2,177,686.57	0.38	2,177,686.57	100.00	-
Total	573,810,254.85	100.00	73,389,178.72	12.79	500,421,076.13
Category	31 December 2017				
	Gross amount		Allowance for doubtful accounts		Carrying value
	Amount	Percentage (%)	Amount	Allowance ratio (%)	
Other receivables with amounts that were individually significant and for which the allowance for doubtful accounts was provided on the individual basis	54,801,880.20	13.25	38,546,710.03	70.34	16,255,170.17
Other receivables for which the allowance for doubtful accounts was provided on the group basis					
Groups of other receivables from external parties for which the allowance for doubtful accounts was not provided on the individual basis	207,183,657.91	50.07	12,350,350.43	5.96	194,833,307.48
Groups of futures margin	148,506,418.90	35.89	-	-	148,506,418.90
Subtotal of groups of other receivables	355,690,076.81	85.96	12,350,350.43	3.47	343,339,726.38
Other receivables with amounts that were not individually significant but for which the allowance for doubtful accounts was provided on the individual basis	3,281,913.65	0.79	2,677,937.24	81.60	603,976.41

Total	413,773,870.66	100.00	53,574,997.70	12.95	360,198,872.96

① Among the groups of other receivables, the other receivables for which the allowance for doubtful accounts was provided on the aging basis are as follows:

Category	31 December 2018			
	Gross amount		Allowance for doubtful accounts	
	Amount	Percentage (%)	Amount	Allowance ratio (%)
Within 1 year	356,648,663.82	94.89	17,833,832.01	5.00
1 to 2 years	14,501,812.25	3.86	1,450,181.23	10.00
2 to 3 years	1,829,831.10	0.49	457,457.77	25.00
3 to 4 years	1,499,593.99	0.40	599,837.60	40.00
4 to 5 years	448,240.67	0.12	179,296.27	40.00
Over 5 years	894,714.65	0.24	894,714.65	100.00
Total	375,822,856.48	100.00	21,415,319.53	—

② Other receivables with amounts that were individually significant and for which the allowance for doubtful accounts was provided on the individual basis as of the end of the Reporting Period are as follows:

Other receivables (by party)	Gross amount	Allowance for doubtful accounts	Ratio of allowance for doubtful accounts	Reason for providing allowance for doubtful accounts
Party A	50,393,343.35	41,869,488.17	83.09	Expected to be partially recoverable
Party B	2,420,900.00	2,420,900.00	100.00	Expected to be unrecoverable
Party C	1,825,758.09	1,825,758.09	100.00	Expected to be unrecoverable
Party D	1,611,878.76	1,611,878.76	100.00	Expected to be

Other receivables (by party)	Gross amount	Allowance for doubtful accounts	Ratio of allowance for doubtful accounts	Reason for providing allowance for doubtful accounts
				unrecoverable
Party E	1,068,147.60	1,068,147.60	100.00	Expected to be unrecoverable
Party F	1,000,000.00	1,000,000.00	100.00	Expected to be unrecoverable
Total	58,320,027.80	49,796,172.62	85.38	—

2) Allowance for Doubtful Other Receivables Provided and Reversed for Current Period

For the Current Period, the allowance provided for doubtful other receivables amounted to RMB 20,708,101.99, and the recovered or reversed amount was RMB 890,317.01.

3) Other Receivables Actually Written off for Current Period

Item	Amount written off
Security deposits	20,892.00
Accounts with external parties	5,043.36
Total	25,935.36

Note: The other receivables written off were unrecoverable security deposits and accounts with external parties, none of which arose from a related-party transaction.

4) Other Receivables by Nature

Nature of account	31 December 2018	31 December 2017
Security deposits	24,890,874.23	31,172,021.02
Futures margin	137,489,684.00	148,576,968.90
Petty cash	10,547,818.23	12,253,362.15
Accounts with external parties	390,943,782.87	207,980,414.39

Nature of account	31 December 2018	31 December 2017
Insurance compensation	3,812,976.26	7,193,343.83
Social security advances	4,194,568.63	2,486,960.00
Government subsidies receivable	-	2,160,000.00
Other	1,930,550.63	1,950,800.37
Total	573,810,254.85	413,773,870.66

5) Other Receivables from Top Five Debtors with Largest Closing Balances

Party	Nature of account	Closing balance	Account age	As % of total other receivables as of 31 December 2018	Closing allowance
Party A	Futures margin	65,374,400.00	Within 1 year	11.39	-
Party B	Account with external party	50,393,343.35	1-5 years or thereafter	8.78	41,869,488.17
Party C	Futures margin	36,578,500.00	Within 1 year	6.37	-
Party D	Futures margin	23,517,900.00	Within 1 year	4.10	-
Party E	Security deposits	6,371,100.00	Within 1 year	1.11	318,555.00
Total	—	182,235,243.35	—	31.75	42,188,043.17

6) There were no other receivables associated with government subsidies as of the period-end.

7) No other receivables were derecognized due to transfer of financial assets in the Current Period.

6. Inventories

(1) Inventories by Category

Item	31 December 2018			31 December 2017		
	Gross amount	Valuation allowance	Carrying value	Gross amount	Valuation allowance	Carrying value
Raw materials	3,353,061,829.98	-	3,353,061,829.98	2,403,862,712.77	-	2,403,862,712.77
Unfinished	7,947,441.99	-	7,947,441.99	3,739,698.34	-	3,739,698.34

Item	31 December 2018			31 December 2017		
	Gross amount	Valuation allowance	Carrying value	Gross amount	Valuation allowance	Carrying value
goods						4
Finished goods	1,162,208,168.16	754,254.68	1,161,453,913.48	762,037,045.92	208,457.38	761,828,588.54
Consumable living assets	321,316,946.72	-	321,316,946.72	214,417,292.54	-	214,417,292.54
Total	4,844,534,386.85	754,254.68	4,843,780,132.17	3,384,056,749.57	208,457.38	3,383,848,292.19

(2) Inventory Valuation Allowance

Inventory category	31 December 2017	Increase in Current Period		Decrease in Current Period		31 December 2018
		New valuation allowance	Other	Reversed	Written off	
Finished goods	208,457.38	754,254.68	-	-	208,457.38	754,254.68
Total	208,457.38	754,254.68	-	-	208,457.38	754,254.68

(3) There were no capitalized borrowing costs among the closing balance of inventories.

7. Current Portion of Non-Current Assets

Item	31 December 2018	31 December 2017
Amount receivable by installments for subcontracting	903,000.00	-
Total	903,000.00	-

8. Other Current Assets

Item	31 December 2018	31 December 2017
Rental expense	15,926,558.27	15,453,347.16

Item	31 December 2018	31 December 2017
Insurance expense	2,081,319.14	400,119.59
Miscellaneous prepaid expense	5,888,370.47	2,719,407.40
Input tax to be deducted and approved	114,057,676.06	80,307,591.49
Overpaid taxes and charges	46,563,412.66	13,816,231.05
Wealth management products (note 1)	430,000,000.00	100,000,000.00
Loans and advances to customers (note 2)	7,948,950.00	-
Factoring fees	3,794,989.52	-
Other	2,489,934.47	2,279,989.82
Total	628,751,210.59	214,976,686.51

Note 1: As of 31 December 2018, wealth management products of RMB 430,000,000.00 included in other current assets were Bank of Communications-Win to Fortune Current Structured Deposits (price-structured) pegged to the three-month Shibor, which were withdrawable on demand, as well as principal- and minimum income-guaranteed.

Note 2: Schedules of the current portion of loans and advances to customers:

(1) Loans and advances to customers by way of guarantee:

Item	31 December 2018	31 December 2017
Secured loans	8,070,000.00	-
Less: Allowance for loss	121,050.00	-
Total	7,948,950.00	-

(2) Overdue loans and advances to customers:

Category	31 December 2018	
	Gross amount	Allowance

	Amount	Percentage (%)	Amount	Allowance ratio (%)
Normal	8,070,000.00	100.00	121,050.00	1.50
Total	8,070,000.00	100.00	121,050.00	1.50

9. Loans and Advances to Customers

(1) Loans and advances to customers by way of guarantee:

Item	31 December 2018	31 December 2017
Secured loans	160,000.00	-
Less: Allowance for loss	2,400.00	-
Total	157,600.00	-

(2) Overdue loans and advances to customers:

Category	31 December 2018			
	Gross amount		Allowance	
	Amount	Percentage (%)	Amount	Allowance ratio (%)
Normal	160,000.00	100.00	2,400.00	1.50
Total	160,000.00	100.00	2,400.00	1.50

10. Available-for-Sale Financial Assets

(1) General Information about Available-for-Sale Financial Assets

Item	31 December 2018			31 December 2017		
	Gross amount	Impairment allowance	Carrying value	Gross amount	Impairment allowance	Carrying value
Available-for-sale equity instruments:	337,976,300.00	14,554,950.00	323,421,350.00	298,276,300.00	14,554,950.00	283,721,350.00
Measured at fair value	-	-	-	-	-	-
Measured at cost	337,976,300.00	14,554,950.00	323,421,350.00	298,276,300.00	14,554,950.00	283,721,350.00
Total	337,976,300.00	14,554,950.00	323,421,350.00	298,276,300.00	14,554,950.00	283,721,350.00

(2) There were no available-for-sale financial assets measured at fair value during the Reporting Period.

(3) Closing Available-for-Sale Financial Assets Measured at Cost

Investee	Gross amount				Impairment allowance				The Group's interest in investee	Cash dividends received in Current Period
	31 December 2017	Increase in Current Period	Decrease in Current Period	31 December 2018	31 December 2017	Increase in Current Period	Decrease in Current Period	31 December 2018		
Liaoning Yikang Biological Co., Ltd.	44,376,300.00	-	-	44,376,300.00	14,554,950.00	-	-	14,554,950.00	3.4783%	-

Investee	Gross amount				Impairment allowance				The Group's interest in investee	Cash dividends received in Current Period
	31 December 2017	Increase in Current Period	Decrease in Current Period	31 December 2018	31 December 2017	Increase in Current Period	Decrease in Current Period	31 December 2018		
Guangdong Aerocity Holding Co., Ltd.	140,000,000.00	-	-	140,000,000.00	-	-	-	-	14.00%	3,503,676.97
Guangdong GF Hulian Micro-Loan Co., Ltd.	82,500,000.00	-	-	82,500,000.00	-	-	-	-	16.50%	-
Shandong Runfengyuan Agriculture and Animal Husbandry Technology Co., Ltd.	1,200,000.00	-	1,200,000.00	-	-	-	-	-	-	-
CITIC Agriculture Fund Management Co., Ltd. (note 1)	2,500,000.00	2,500,000.00	-	5,000,000.00	-	-	-	-	4.50%	378,900.20
Chengtong CITIC Agriculture Investment Fund (L.P.) (note 2)	27,000,000.00	27,400,000.00	-	54,400,000.00	-	-	-	-	2.53%	-
Langfang Mudao Feed Technology Co., Ltd.	700,000.00	-	-	700,000.00	-	-	-	-	10.00%	-
Bangpu Breeding Technology Co., Ltd.	-	5,000,000.00	-	5,000,000.00	-	-	-	-	16.00%	-
Guangdong Guyue Technology Co., Ltd.	-	6,000,000.00	-	6,000,000.00	-	-	-	-	12.00%	-
Total	298,276,300.00	40,900,000.00	1,200,000.00	337,976,300.00	14,554,950.00	-	-	14,554,950.00	—	3,882,577.17

Note 1: The Group's interest in the investee decreased in the Current Period primarily due to the investee's introduction of new shareholder.

Note 2: CITIC Modern Agriculture Investment Fund (L.P.) changed its name on 20 November 2018 to "Chengtong CITIC Agriculture Investment Fund (L.P.)". And the Group's interest in the

investee decreased in the Current Period primarily due to the investee's introduction of new shareholder.

(4) There were no changes in impairment allowances for available-for-sale financial assets in the Reporting Period.

11. Long-Term Receivables

Item	31 December 2018			31 December 2017		
	Gross amount	Allowance	Carrying value	Gross amount	Allowance	Carrying value
Security deposits	15,268,129.52	-	15,268,129.52	10,531,182.97	-	10,531,182.97
Amounts receivable by installments for subcontracting	3,612,000.00	-	3,612,000.00	-	-	-
Less: Unrealized financing income	458,000.00	-	458,000.00	-	-	-
Less: Current portion of non-current assets	903,000.00	-	903,000.00	-	-	-
Total	17,519,129.52	-	17,519,129.52	10,531,182.97	-	10,531,182.97

Note: The closing long-term receivables primarily consisted of amount receivable by installments for subcontracting, as well as security deposits for land rental and consumption of electricity.

12. Long-Term Equity Investments

Investee	31 December 2017	Changes in Current Period								31 December 2018	Impairment allowance as of 31 December 2018
		Increase in investment	Decrease in investment	Investment income/loss recognized using equity method	Adjustments of other comprehensive income	Other changes in equity	Cash dividends or profits declared	Impairment allowance	Other		
Foshan Haihang Xingfa Agriculture and Animal Husbandry Development Co., Ltd.	2,643,665.38	-	-	3,352,020.25	-	-	-	-	-	5,995,685.63	-
Guizhou Fuhai Chemicals Co., Ltd.	17,947,374.70	-	-	1,415,674.66	-	-	-	-	-	19,363,049.36	-
Qingdao Nongken Beidahuang Trade Development Co., Ltd.	11,963,468.03	-	-	1,292,332.83	-	-	-	-	-	13,255,800.86	-
Total	32,554,508.11	-	-	6,060,027.74	-	-	-	-	-	38,614,535.85	-

Notes: (1) All the investees in the table above are associates of the Company.

(2) During the Reporting Period, none of the long-term equity investments saw the recoverable amount lower than the carrying value, and thus no impairment allowance was made for the long-term equity investments.

13. Investment Property

(1) Investment Property Measured at Cost

Item	Houses and buildings	Total
I Gross amount		
1. 31 December 2017	84,779,317.67	84,779,317.67
2. Increase in Current Period	1,470,818.61	1,470,818.61
(1) Reclassified from property, plant and equipment	1,470,818.61	1,470,818.61
3. Decrease in Current Period	34,213,387.32	34,213,387.32
(1) Disposed	-	-
(2) Reclassified to property, plant and equipment	34,213,387.32	34,213,387.32
4. 31 December 2018	52,036,748.96	52,036,748.96
II Accumulated depreciation and amortization		
1. 31 December 2017	6,469,632.80	6,469,632.80
2. Increase in Current Period	2,372,182.31	2,372,182.31
(1) Depreciation or amortization	2,168,927.17	2,168,927.17
(2) Reclassified from property, plant and equipment	203,255.14	203,255.14
3. Decrease in Current Period	3,202,222.79	3,202,222.79
(1) Disposed	-	-
(2) Reclassified to property, plant and equipment	3,202,222.79	3,202,222.79
4. 31 December 2018	5,639,592.32	5,639,592.32
III Impairment allowance		
1. 31 December 2017	-	-
2. Increase in Current Period	-	-
(1) Allowance made	-	-
3. Decrease in Current Period	-	-

Item	Houses and buildings	Total
(1) Disposed	-	-
(2) Other	-	-
4. 31 December 2018	-	-
IV Carrying value		
1. Closing carrying value	46,397,156.64	46,397,156.64
2. Opening carrying value	78,309,684.87	78,309,684.87

(2) There was no investment property measured at fair value during the Reporting Period.

(3) The carrying value of the investment property with unfinished ownership certificates was RMB 22,088,702.42. Currently, the ownership certificates are being handled.

14. Property, Plant and Equipment

Item	31 December 2018	31 December 2017
Property, plant and equipment	4,549,514,866.42	3,760,863,514.36
Disposal of property, plant and equipment	5,965,967.35	-
Total	4,555,480,833.77	3,760,863,514.36

(1) General Information about Property, Plant and Equipment

Item	Houses and buildings	Machinery and equipment	Motor vehicles	Electronic equipment	Other equipment	Total
I Gross amount						
1. 31 December 2017	2,757,724,529.54	2,476,584,012.03	173,021,486.30	181,864,565.39	113,038,926.25	5,702,233,519.51
2. Increase in Current Period	481,323,090.97	661,154,334.61	35,823,158.20	51,581,422.31	20,484,022.99	1,250,366,029.08
(1) Purchased	41,217,316.66	69,323,326.02	27,765,743.53	27,509,102.07	10,020,799.91	175,836,288.19
(2) Reclassified from construction in progress	332,667,080.62	525,214,207.40	7,858,156.45	24,841,619.10	11,572,908.54	902,153,972.11
(3) Increase from business	68,345,257.99	66,481,147.60	1,244,993.36	1,281,222.16	809,760.35	138,162,381.46

Item	Houses and buildings	Machinery and equipment	Motor vehicles	Electronic equipment	Other equipment	Total
combinations						
(4) Reclassified from other assets	4,880,048.38	135,653.59	-1,045,735.14	-2,050,521.02	-1,919,445.81	-
(5) Reclassified from investment property	34,213,387.32	-	-	-	-	34,213,387.32
3. Decrease in Current Period	19,306,304.79	45,182,335.36	10,396,953.43	5,315,563.94	7,663,394.41	87,864,551.93
(1) Disposed or retired	17,835,486.18	38,307,249.06	10,190,974.75	5,207,109.96	7,107,580.55	78,648,400.50
(2) Decrease caused by sale of subsidiaries	-	6,875,086.30	205,978.68	108,453.98	37,925.24	7,227,444.20
(3) Reclassified into investment property and for renovation	1,470,818.61	-	-	-	517,888.62	1,988,707.23
4. 31 December 2018	3,219,741,315.72	3,092,556,011.28	198,447,691.07	228,130,423.76	125,859,554.83	6,864,734,996.66
II Accumulated depreciation						
1. 31 December 2017	637,982,286.76	1,016,374,152.22	101,583,881.88	111,904,126.45	72,835,220.73	1,940,679,668.04
2. Increase in Current Period	114,122,366.33	253,481,769.75	20,640,990.54	30,918,316.33	11,400,035.19	430,563,478.14
(1) Depreciation	103,880,742.77	242,146,253.32	21,290,177.33	31,165,667.64	12,689,455.11	411,172,296.17
(2) Increase caused by business	3,958,450.84	10,906,928.40	252,788.95	685,142.05	385,648.94	16,188,959.18

Item	Houses and buildings	Machinery and equipment	Motor vehicles	Electronic equipment	Other equipment	Total
combinations						
(3) Reclassified from investment property	3,202,222.79	-	-	-	-	3,202,222.79
(4) Reclassified from other assets	3,080,949.93	428,588.03	-901,975.74	-932,493.36	-1,675,068.86	-
3. Decrease in Current Period	8,179,935.52	27,975,203.66	9,048,788.60	4,920,327.21	6,881,012.13	57,005,267.12
(1) Disposed or retired	7,976,680.38	24,750,750.85	8,877,670.94	4,828,018.27	6,664,464.17	53,097,584.61
(2) Decrease caused by sale of subsidiaries	-	3,224,452.81	171,117.66	92,308.94	29,265.39	3,517,144.80
(3) Reclassified into investment property or for renovation	203,255.14	-	-	-	187,282.57	390,537.71
4. 31 December 2018	743,924,717.57	1,241,880,718.31	113,176,083.82	137,902,115.57	77,354,243.79	2,314,237,879.06
III Impairment allowance						
1. 31 December 2017	690,337.11	-	-	-	-	690,337.11
2. Increase in Current Period	-	291,914.07	-	-	-	291,914.07
(1) Increase caused by business combinations	-	291,914.07	-	-	-	291,914.07

Item	Houses and buildings	Machinery and equipment	Motor vehicles	Electronic equipment	Other equipment	Total
3. Decrease in Current Period	-	-	-	-	-	-
4. 31 December 2018	690,337.11	291,914.07	-	-	-	982,251.18
IV Carrying value						
1. Closing carrying value	2,475,126,261.04	1,850,383,378.90	85,271,607.25	90,228,308.19	48,505,311.04	4,549,514,866.42
2. Opening carrying value	2,119,051,905.67	1,460,209,859.81	71,437,604.42	69,960,438.94	40,203,705.52	3,760,863,514.36

(2) Temporarily Idle Property, Plant and Equipment

Item	Gross amount	Accumulated depreciation	Impairment allowance	Carrying value
Machinery and equipment	5,922,791.83	4,851,960.84	-	1,070,830.99
Motor vehicles	319,812.75	303,822.11	-	15,990.64
Electronic equipment	394,720.26	375,087.71	-	19,632.55
Total	6,637,324.84	5,530,870.66	-	1,106,454.18

(3) Property, Plant and Equipment Held under Finance Leases

Item	Gross amount	Accumulated depreciation	Impairment allowance	Carrying value
Houses and buildings	21,619,695.17	2,547,563.95	-	19,072,131.22
Machinery and equipment	22,867,913.34	8,099,983.30	291,914.07	14,476,015.97
Motor vehicles	90,076.60	90,076.60	-	-
Electronic equipment	4,301,542.59	1,407,605.84	-	2,893,936.75
Other equipment	471,844.73	362,457.54	-	109,387.19
Total	49,351,072.43	12,507,687.23	291,914.07	36,551,471.13

(4) The Group's Property, Plant and Equipment Held by Other Parties under Operating Leases

Item	Gross amount	Accumulated depreciation	Impairment allowance	Carrying value
Machinery and equipment	394,594.59	65,601.35	-	328,993.24
Total	394,594.59	65,601.35	-	328,993.24

(5) Property, Plant or Equipment with Unfinished Ownership Certificates

Item	Carrying value	Reason for unfinished ownership certificate
Houses and buildings	163,883,589.12	No ownership certificates for rented buildings on collective and state-owned land
Houses and buildings	564,889,663.69	Being handled
Total	728,773,252.81	—

(6) Disposal of Property, Plant and Equipment

Item	31 December 2018	31 December 2017
Houses and buildings	5,965,967.35	-

Total	5,965,967.35	-

15. Construction in Progress

(1) General Information about Construction in Progress

Item	31 December 2018	31 December 2017
Supporting construction for feed projects	398,983,721.05	273,639,597.24
Supporting construction for farming projects	236,412,637.72	52,171,148.80
Supporting construction for animal health projects	66,734,269.79	1,009,838.51
Supporting construction for other projects	21,881,077.67	5,152,988.71
Total	724,011,706.23	331,973,573.26

(2) Changes in Key Construction in Progress in Current Period

Item	31 December 2017	Increase in Current Period	Reclassified into long-lived assets	Other decreases	31 December 2018	Accumulated capitalized interest	Including: Capitalized interest in Current Period	Capitalization rate	Funding source
Supporting construction for feed projects	268,062,969.14	870,357,500.43	748,959,642.62	-	389,460,826.95	-	-	-	Other

Item	31 December 2017	Increase in Current Period	Reclassified into long-lived assets	Other decreases	31 December 2018	Accumulated capitalized interest	Including: Capitalized interest in Current Period	Capitalization rate	Funding source
Supporting construction for farming projects	33,703,818.33	254,896,250.19	78,459,459.08	-	210,140,609.44	-	-	-	Other
Supporting construction for animal health projects	123,282.00	78,546,708.21	13,622,359.02	-	65,047,631.19	-	-	-	Other
Supporting construction for other projects	2,110,291.85	66,000,970.48	48,562,578.49	-	19,548,683.84	-	-	-	Other
Total	304,000,361.32	1,269,801,429.31	889,604,039.21	-	684,197,751.42	-	-	-	—

Note: There was no capitalized interest expense or foreign exchange losses on construction in progress in 2018.

(3) The Group did not need to make any impairment allowance for construction in progress in the Reporting Period.

16. Productive Living Assets

(1) Productive Living Assets Measured at Cost

Item	Animal husbandry-mature	Aquaculture-mature	Animal husbandry-immature	Aquaculture-immature	Total
I Gross amount					
1. 31 December 2017	14,678,709.53	4,087,235.32	5,168,919.67	1,800,138.08	25,735,002.60
2. Increase in Current Period	55,387,854.07	17,583,582.25	57,771,988.27	16,691,508.77	147,434,933.36
(1) Purchased	169,985.94	3,580,561.81	8,397,429.00	8,744,703.95	20,892,680.70
(2) Self-cultivated	25,905,240.06	14,003,020.44	37,770,286.21	7,946,804.82	85,625,351.53
(3) Increase caused by business combinations	29,312,628.07	-	11,604,273.06	-	40,916,901.13
3. Decrease in Current Period	20,801,382.29	14,598,648.47	50,892,405.13	14,899,981.97	101,192,417.86
(1) Decrease caused by sale	160,542.18	666,679.55	10,770,486.35	-	11,597,708.08
(2) Dead or scrapped	20,640,840.11	13,880,286.68	14,216,678.72	-	48,737,805.51
(3) Reclassified into "mature" category	-	-	25,905,240.06	14,003,020.44	39,908,260.50
(4) Other decreases	-	51,682.24	-	896,961.53	948,643.77
4. 31 December 2018	49,265,181.31	7,072,169.10	12,048,502.81	3,591,664.88	71,977,518.10
II Accumulated depreciation					
1. 31 December 2017	6,968,574.97	1,644,580.89	-	-	8,613,155.86
2. Increase in	16,504,770.56	14,612,231.70	-	-	31,117,002.26

Item	Animal husbandry-mature	Aquaculture-mature	Animal husbandry-immature	Aquaculture-immature	Total
Current Period					
(1) Depreciation charged in Current Period	9,387,224.28	14,612,231.70	-	-	23,999,455.98
(2) Increase caused by business combinations	7,117,546.28	-	-	-	7,117,546.28
3. Decrease in Current Period	10,987,158.07	13,593,989.26	-	-	24,581,147.33
(1) Decrease caused by sale	32,108.44	217,571.07	-	-	249,679.51
(2) Dead or scrapped	10,955,049.63	13,376,418.19	-	-	24,331,467.82
(3) Other decreases	-	-	-	-	-
4. 31 December 2018	12,486,187.46	2,662,823.33	-	-	15,149,010.79
III Impairment allowance					
1. 31 December 2017	-	-	-	-	-
2. Increase in Current Period	-	-	-	-	-
(1) Impairment allowance made in Current Period	-	-	-	-	-
3. Decrease in Current Period	-	-	-	-	-
(1) Disposed	-	-	-	-	-
(2) Other decreases	-	-	-	-	-
4. 31 December	-	-	-	-	-

Item	Animal husbandry-mature	Aquaculture-mature	Animal husbandry-immature	Aquaculture-immature	Total
2018					
IV Carrying value					
1. Closing carrying value	36,778,993.85	4,409,345.77	12,048,502.81	3,591,664.88	56,828,507.31
2. Opening carrying value	7,710,134.56	2,442,654.43	5,168,919.67	1,800,138.08	17,121,846.74

(2) There were no productive living assets measured at fair value in the Reporting Period.

17. Intangible Assets

(1) General Information about Intangible Assets

Item	Land use rights	Patented technologies	Software use rights and trademark rights	Non-patented technologies	Other including marketing network	Total
I Gross amount						
1. 31 December 2017	612,662,106.97	28,214,553.97	164,019,029.20	174,384,522.20	64,071,447.75	1,043,351,660.09
2. Increase in Current Period	100,605,797.86	4,938,471.52	29,680,984.62	3,512,937.15	-	138,738,191.15
(1) Purchased	61,080,720.30	-	2,417,508.15	1,055,000.00	-	64,553,228.45
(2) Self-developed	-	2,938,471.52	-	2,457,937.15	-	5,396,408.67
(3) Increase caused by business combinations	589,696.66	2,000,000.00	-	-	-	2,589,696.66
(4) Reclassified from construction in progress	38,935,380.90	-	27,263,476.47	-	-	66,198,857.37
3. Decrease in Current Period	-	300,000.00	462,770.59	-	-	762,770.59
(1) Disposed	-	-	462,770.59	-	-	462,770.59
(2) Decrease caused by sale of subsidiaries	-	300,000.00	-	-	-	300,000.00
4. 31 December 2018	713,267,904.83	32,853,025.49	193,237,243.23	177,897,459.35	64,071,447.75	1,181,327,080.65
II Accumulated depreciation						

Item	Land use rights	Patented technologies	Software use rights and trademark rights	Non-patented technologies	Other including marketing network	Total
1. 31 December 2017	69,368,927.78	5,954,365.00	34,860,229.68	73,852,452.48	1,333,405.00	185,369,379.94
2. Increase in Current Period	15,430,786.08	1,835,536.88	18,779,272.28	12,941,766.53	6,948,270.02	55,935,631.79
(1) Depreciation charged	15,353,994.01	1,818,870.21	18,779,272.28	12,941,766.53	6,948,270.02	55,842,173.05
(2) Increase caused by business combinations	76,792.07	16,666.67	-	-	-	93,458.74
3. Decrease in Current Period	-	300,000.00	423,699.83	-	-	723,699.83
(1) Disposed	-	-	423,699.83	-	-	423,699.83
(2) Decrease caused by sale of subsidiaries	-	300,000.00	-	-	-	300,000.00
4. 31 December 2018	84,799,713.86	7,489,901.88	53,215,802.13	86,794,219.01	8,281,675.02	240,581,311.90
III Impairment allowance						
1. 31 December 2017	-	-	-	11,979,620.36	-	11,979,620.36
2. Increase in Current Period	-	-	-	-	-	-
(1) Impairment allowance made	-	-	-	-	-	-
3. Decrease in Current Period	-	-	-	-	-	-
(1) Disposed	-	-	-	-	-	-
4. 31 December 2018	-	-	-	11,979,620.36	-	11,979,620.36
IV Carrying value						

Item	Land use rights	Patented technologies	Software use rights and trademark rights	Non-patented technologies	Other including marketing network	Total
1. Closing carrying value	628,468,190.97	25,363,123.61	140,021,441.10	79,123,619.98	55,789,772.73	928,766,148.39
2. Opening carrying value	543,293,179.19	22,260,188.97	129,158,799.52	88,552,449.36	62,738,042.75	846,002,659.79

Note: As of the end of the Reporting Period, the intangible assets arising from the Company's independent development accounted for 13.53% of the carrying balance of intangible assets.

(2) The carrying value of the land use rights with unfinished ownership certificates was RMB 15,153,826.27. Currently, the ownership certificates are being handled.

18. R&D Expense

Item	31 December 2017	Increase in Current Period	Decrease in Current Period		31 December 2018
			Recorded in current profit or loss	Recognized in intangible assets	
Development and application of feed formulation technology	-	157,557,781.61	157,557,781.61	-	-
Development and application of feed additives	-	71,704,016.83	71,704,016.83	-	-
Development of domestic animal selected farming technology	-	19,311,878.66	19,311,878.66	-	-
Development of animal healthcare products and healthy cultivation models	6,936,387.95	61,830,031.86	60,593,643.56	5,396,408.67	2,776,367.58
Total	6,936,387.95	310,403,708.96	309,167,320.66	5,396,408.67	2,776,367.58

19. Goodwill

(1) Gross Amounts of Goodwill

Name of investee or matter incurring goodwill	31 December 2017	Increased in Current Period		Decrease in Current Period	31 December 2018	Remark
		Incurring by business combination s	Effects of translation of foreign-currency- denominated financial statements	Effects of translation of foreign-currency- denominated financial statements		
Guangzhou Runchuan	50,000.00	-	-	-	50,000.00	Note 1

Name of investee or matter incurring goodwill	31 December 2017	Increased in Current Period		Decrease in Current Period	31 December 2018	Remark
		Incurring by business combinations	Effects of translation of foreign-currency-denominated financial statements	Effects of translation of foreign-currency-denominated financial statements		
Taizhou Haid	578,247.88	-	-	-	578,247.88	Note 1
Guangzhou Haihe	76,663.70	-	-	-	76,663.70	Note 1
Dongguan Haid	2,831,241.61	-	-	-	2,831,241.61	Note 2
Sanshuifanling	4,841,934.68	-	-	-	4,841,934.68	Note 2
Dalian Rongchuan	32,178.11	-	-	-	32,178.11	Note 2
Qingyuan Bairong	1,218,130.86	-	-	-	1,218,130.86	Note 2
Zhanjiang Hisenor	4,100,845.79	-	-	-	4,100,845.79	Note 2
Panasia Trading	41,054,310.91	-	2,067,103.59	-	43,121,414.50	Note 2
Hisenor Vietnam	5,293,004.14	-	266,505.21	-	5,559,509.35	Note 2
Kaifeng Haid	8,838,854.56	-	-	-	8,838,854.56	Note 2
Guangzhou Heshengtang	127,116.22	-	-	-	127,116.22	Note 2

Name of investee or matter incurring goodwill	31 December 2017	Increased in Current Period		Decrease in Current Period	31 December 2018	Remark
		Incurred by business combinations	Effects of translation of foreign-currency-denominated financial statements	Effects of translation of foreign-currency-denominated financial statements		
Pharmaceutical						
Haid Livestock Veterinary Research Institute	5,809,578.76	-	-	-	5,809,578.76	
Hunan Innovation	19,210,769.76	-	-	-	19,210,769.76	Note 2
Sichuan Hailinger	76,410,471.64	-	-	-	76,410,471.64	Note 2
Jiaxing Haid	8,312,415.28	-	-	-	8,312,415.28	Note 2
Rongcheng Yandunjiao	33,087.10	-	-	-	33,087.10	Note 2
Shandong Daxin	115,902,036.20	-	-	-	115,902,036.20	Note 2、3
Hunan Jinhuilong	2,400,475.64	-	-	-	2,400,475.64	Note 2
Feicheng Heruifeng	-	57,092,523.20	-	-	57,092,523.20	Note 2
Weifang Xuheng	-	30,507,361.78	-	-	30,507,361.78	Note 2
Jianong Lianyungang	-	587,209.55	-	-	587,209.55	Note 2

Name of investee or matter incurring goodwill	31 December 2017	Increased in Current Period		Decrease in Current Period	31 December 2018	Remark
		Incurring by business combinations	Effects of translation of foreign-currency-denominated financial statements	Effects of translation of foreign-currency-denominated financial statements		
Xinjiang	-	1,411,040.6	-	-	1,411,040.6	Note
Ruiliheng	-	3	-	-	3	2
Kembang Subur International	-	346,652.39	-	3,623.61	343,028.78	Note
Total	297,121,362.84	89,944,787.55	2,333,608.80	3,623.61	389,396,135.58	

Note 1: When acquiring the non-controlling interests of a subsidiary, the Company records goodwill at the amount by which the paid combination cost exceeds the Company's share of the fair value of the acquiree's identifiable net assets obtained in the combination.

The goodwill of RMB 50,000.00 on Guangzhou Runchuan: The Company acquired in September 2006 a 10% stake in Guangzhou Runchuan at a cost of RMB 50,000.00, while the Company's share of the fair value of Guangzhou Runchuan's identifiable net assets was RMB -29,095.34. As the Company had borne all the loss of this subsidiary when acquiring in May 2004 a 90% stake in Guangzhou Runchuan under common control, the said acquisition cost of RMB 50,000.00 was recognized in goodwill.

The goodwill of RMB 578,247.88 on Taizhou Haid: When acquiring in September 2006 a 25% stake in Taizhou Haid, the Company recorded goodwill at RMB 578,247.88, the amount by which the acquisition cost exceeded the Company's share of the fair value of Taizhou Haid's identifiable net assets.

The goodwill of RMB 76,663.70 on Guangzhou Haihe: When acquiring on March 31, 2007 a 10% non-controlling stake in Guangzhou Haihe, the Company recorded goodwill at RMB 76,663.70, the amount by which the acquisition cost exceeded the Company's share of the fair value of Guangzhou Haihe's identifiable net assets.

Note 2: In a business combination involving enterprises not under common control, the Company records goodwill at the amount by which the paid combination cost exceeds the Company's share of the acquiree's owners' equity.

The goodwill of RMB 2,831,241.61 on Dongguan Haid: When acquiring on May 20, 2007 a 68% stake in Dongguan Haid from a non-related party, the Company recorded goodwill at the amount by which the investment cost of RMB 6,800,000.00 exceeded the Company's share of the acquiree's owners' equity.

The goodwill of RMB 4,841,934.68 on Sanshuifanling: When acquiring in April 2010 the 100% stake in Sanshuifanling from a non-related party, the Company recorded goodwill at the amount by which the investment cost of RMB 15,000,000.00 exceeded the Company's share of the acquiree's owners' equity.

The goodwill of RMB 32,178.11 on Dalian Rongchuan: When acquiring in May 2010 a 60% stake in Sanshuifanling from a non-related party in a investment increase, the Company recorded goodwill at the amount by which the investment cost of RMB 30,000,000.00 exceeded the Company's share of the acquiree's owners' equity.

The goodwill of RMB 1,218,130.86 on Qingyuan Bairong: When acquiring in February 2010 a 70% stake in Qingyuan Bairong from a non-related party, the Company recorded goodwill at the amount by which the investment cost of RMB 1,500,000.00 exceeded the Company's share of the acquiree's owners' equity.

The goodwill of RMB 4,100,845.79 on Zhanjiang Hisenor: When the Company's subsidiary Guangzhou Haid acquired in January 2010 a 70% stake in Zhanjiang Hisenor (49% from the Company and 21% from non-controlling interests), the amount by which Guangzhou Haid's investment cost of RMB 1,370,000.00 exceeded its share of the acquiree's owners' equity was recorded in goodwill.

The goodwill of RMB 43,121,414.50 on Panasia Trading: When the Company's subsidiary Haid International acquired in February 2012 a stake in Panasia Trading, the amount by which Haid International's investment cost of USD15.80 million exceeded its share of the acquiree's owners' equity was recorded in goodwill, with the effects of the translation of the investee's foreign-currency-denominated financial statements caused by exchange rate fluctuations after the acquisition.

The goodwill of RMB 5,559,509.35 on Hisenor Vietnam: When the Company's subsidiary Hisenor International acquired in June 2013 a stake in Hisenor Vietnam, the amount by which Hisenor International's investment cost of USD 1.14 million exceeded its share of the acquiree's owners' equity was recorded in goodwill, with the effects of the translation of the investee's foreign-currency-denominated financial statements caused by exchange rate fluctuations after the acquisition.

The goodwill of RMB 8,838,854.56 on Kaifeng Haid: When acquiring in March 2013 a stake in Kaifeng Haid, the

Company recorded goodwill at the amount by which the investment cost of RMB 12,382,353.63 exceeded the Company's share of the acquiree's owners' equity.

The goodwill of RMB 127,116.22 on Guangzhou Heshengtang Pharmaceutical: When acquiring in February 2013 a stake in Guangzhou Heshengtang Pharmaceutical, the Company recorded goodwill at the amount by which the investment cost of RMB 2,330,000.00 exceeded the Company's share of the acquiree's owners' equity.

The goodwill of RMB 5,809,578.76 on Haid Livestock Veterinary Research Institute: When acquiring in March 2013 a stake in Haid Livestock Veterinary Research Institute, the Company recorded goodwill at the amount by which the investment cost of RMB 50,500,000.00 exceeded the Company's share of the acquiree's owners' equity.

The goodwill of RMB 19,210,769.76 on Hunan Innovation: When acquiring in August 2015 a stake in Hunan Innovative, the Company recorded goodwill at the amount by which the investment cost of RMB 1,000,000.00 exceeded the Company's share of the acquiree's owners' equity.

The goodwill of RMB 76,410,471.64 on Sichuan Hailinger: When acquiring in June 2015 a stake in Sichuan Hailinger, the Company recorded goodwill at the amount by which the investment cost of RMB 107,200,000.00 exceeded the Company's share of the acquiree's owners' equity.

The goodwill of RMB 8,312,415.28 on Jiaxing Haid: When acquiring in February 2016 a stake in Jiaxing Haid, the Company recorded goodwill at the amount by which the investment cost of RMB 14,400,000.00 exceeded the Company's share of the acquiree's owners' equity.

The goodwill of RMB 33,087.10 on Rongcheng Yandunjiao: When acquiring in September 2016 a stake in Rongcheng Yandunjiao in an investment increase, the Company recorded goodwill at the amount by which the investment cost of RMB 18,308,000.00 exceeded the Company's share of the acquiree's owners' equity obtained in the acquisition.

The goodwill of RMB 115,902,036.20 on Shandong Daxin: When acquiring in December 2017 a stake in Shandong Daxin, the Company recorded goodwill at the amount by which the investment cost of RMB 286,431,719.46 exceeded the Company's share of the acquiree's owners' equity.

The goodwill of RMB 2,400,475.64 on Hunan Jinhuilong: When acquiring in December 2017 a stake in Hunan Jinhuilong, the Company recorded goodwill at the amount by which the investment cost of RMB 31,620,000.00 exceeded the Company's share of the acquiree's owners' equity.

The goodwill of RMB 57,092,523.20 on Feicheng Heruifeng: When acquiring in June 2018 a stake in Feicheng Heruifeng, the Company recorded goodwill at the amount by which the investment cost of RMB 200,370,280.00 exceeded the Company's share of the acquiree's owners' equity.

The goodwill of RMB 30,507,361.78 on Weifang Xuheng: When acquiring in June 2018 a stake in Weifang Xuheng, the Company recorded goodwill at the amount by which the investment cost of RMB 50,319,300.00 exceeded the Company's share of the acquiree's owners' equity.

The goodwill of RMB 587,209.55 on Jianong Lianyungang: When acquiring in August 2018 a stake in Jianong Lianyungang, the Company recorded goodwill at the amount by which the investment cost of RMB 2.00 exceeded the Company's share of the acquiree's owners' equity.

The goodwill of RMB 1,411,040.63 on Xinjiang Ruiliheng: When acquiring in October 2018 a stake in Xinjiang Ruiliheng, the Company recorded goodwill at the amount by which the investment cost of RMB 11,000,000.00 exceeded the Company's share of the acquiree's owners' equity.

The goodwill of RMB 343,028.78 on Kembang Subur International: When acquiring in November 2018 a stake in Kembang Subur International, the Company recorded goodwill at the amount by which the investment cost of USD 112,150.00 exceeded the Company's share of the acquiree's owners' equity, with the effects of the translation of the investee's foreign-currency-denominated financial statements caused by exchange rate fluctuations after the acquisition.

Note 3: Performance commitment regarding Shandong Daxin and performance results

① Performance commitment:

According to the Equity Transfer Agreement entered into on 14 September 2017 between the Company as well as Jianbing Liu, Haibo Yu, Yuqin Wang, Fei Xing, Xianlai Duan and Mingjun Yang, the transferors Jianbing Liu, Haibo Yu, Yuqin Wang, Xianlai Duan and Mingjun Yang undertook that the net income of Shandong Daxin shall not be lower than RMB 50 million in 2017; that the total net income of Shandong Daxin shall not be lower than RMB 105 million in 2017 and 2018; that the total net income of Shandong Daxin shall not be lower than RMB 165 million in 2017, 2018 and 2019; and that the total net income of Shandong Daxin shall not be lower than RMB 230 million in 2017, 2018, 2019 and 2020, otherwise they shall compensate the Company for the gap, with the total net compensation amount subject to an upper limit of the total equity transaction price. Net income refers to the consolidated net income attributable to owners of Shandong Daxin as the parent during the commitment period

(subject to the lower between the net income before or after non-operating gains and losses).

② Performance results:

Abbr. of company name	Year	Promised net income (RMB 0,000)	Actual net income (RMB 0,000)	Gap (RMB 0,000)	Fulfillment ratio
Shandong Daxin	2017 and 2018	10,500.00	10,724.14	224.14	102.13%
	2017	5,000.00	6,435.63	1,435.63	128.71%

(2) Impairment Allowance for Goodwill

Name of investee or matter incurring goodwill	31 December 2017	Increase in Current Period		Decrease in Current Period	31 December 2018
		Impairment allowance made for goodwill	Effect of the translation of the investee's foreign-currency-denominated financial statements		
Hisenor Vietnam	2,580,731.36	-	129,941.02	-	2,710,672.38
Hunan Innovation	-	4,038,440.41	-	-	4,038,440.41
Sichuan Hailinger	-	2,036,960.97	-	-	2,036,960.97
Total	2,580,731.36	6,075,401.38	129,941.02	-	8,786,073.76

The Group allocates goodwill to the relevant asset groups and calculates the recoverable amounts by discounting the expected future cash flows based on the five-year estimates approved by the management (future cash flows over five years are estimated based on an estimated perpetual annual growth rate). After discounting the future cash flows at a pre-tax discount rate with the industry-specific risks of the asset groups (pre-tax discount rates of 10.10%-14.77% for the calculation of recoverable amounts), the Group calculates the present value of the future cash flows of the asset groups. As of 31 December 2018, according to the impairment measurement results, the Group established impairment allowances for the goodwill of the Hunan Innovation and Sichuan Hailinger asset groups at the amounts by which the present value of their future cash flows were lower than their carrying value.

20. Long-Term Prepaid Expense

Item	31 December 2017	Increase in Current Period	Amortized in Current Period	Other decreases	31 December 2018
Rental expense	130,984,906.20	45,960,656.48	25,543,455.67	3,942,500.00	147,459,607.01
Forest restoration expense	7,453,219.07	7,454,932.00	431,113.46	-	14,477,037.61
Expense on obtaining operation rights of contracted assets	28,015,787.34	498,206.23	2,725,532.56	-	25,788,461.01
Improvement and decoration expense	24,823,815.08	25,747,015.14	15,352,436.72	6,318.01	35,212,075.49
Other	4,223,281.36	5,002,357.93	1,018,747.32	-	8,206,891.97
Total	195,501,009.05	84,663,167.78	45,071,285.73	3,948,818.01	231,144,073.09

Note: "Other decreases" in the Current Period in the table above were primarily incurred by the sale of subsidiaries and the reclassification into long-term receivables.

21. Deferred Income Tax Assets and Liabilities

(1) Deferred Income Tax Assets without Taking into Consideration Offsetting of Balances

Item	31 December 2018		31 December 2017	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Allowance for asset impairments	149,536,013.78	29,943,107.06	97,596,871.82	21,137,030.20
Organization cost	44,241,731.89	893,075.47	6,932,082.50	906,855.90
Depreciation of property,	10,860,816.22	1,566,603.82	8,280,024.70	1,221,156.29

Item	31 December 2018		31 December 2017	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
plant and equipment				
Amortization of intangible assets	1,476,831.03	362,282.26	1,639,423.50	409,855.88
Deductible losses	982,742,152.20	225,595,599.10	537,427,663.93	116,182,443.84
Accrued expense	12,134,402.72	3,033,600.68	9,263,944.68	2,315,986.17
Unrealized internal sales income	193,297,711.72	42,951,995.56	119,543,195.52	25,752,227.06
Gain/Loss on changes in fair value	46,271,790.00	11,567,947.50	18,219,496.36	4,554,874.09
Deferred income	47,228,660.83	10,801,737.84	52,205,635.22	12,258,449.24
Payroll payable	81,089,627.36	20,272,406.84	50,938,718.99	12,734,679.75
Profit sharing benefits	64,891,859.13	12,267,307.27	72,463,249.40	14,140,711.02
Equity incentive	366,313,771.20	91,578,442.80	311,223,911.89	77,805,977.97
Deductible advertising expense carryforwards	2,215,067.59	553,766.90	1,475,842.36	368,960.59
Accrued sales discounts	51,112,835.77	5,111,283.58	-	-
Total	2,053,413,271.44	456,499,156.68	1,287,210,060.87	289,789,208.00

(2) Deferred Income Tax Liabilities without Taking into Consideration Offsetting of Balances

Item	31 December 2018		31 December 2017	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Gain/Loss on changes in	49,672,592.73	12,418,148.18	9,601,140.00	2,400,285.00

Item	31 December 2018		31 December 2017	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
fair value				
Depreciation of property, plant and equipment	132,776,496.97	29,031,853.46	4,964,233.28	1,241,058.32
Amortization of intangible assets	32,296,756.17	8,074,189.04	28,770,616.58	7,192,654.15
Increase in value upon valuation	214,707,267.41	49,310,181.66	237,643,687.28	54,821,214.67
Total	429,453,113.28	98,834,372.34	280,979,677.14	65,655,212.14

(3) Unrecognized Deferred Income Tax Assets

Item	31 December 2018	31 December 2017
Deductible losses	1,571,559.09	260,655.95
Asset impairment allowance	76,287,092.47	71,469,524.84
Total	77,858,651.56	71,730,180.79

Note: These deductible temporary differences and deductible losses were unrecognized as deferred income tax assets because it was uncertain whether sufficient taxable income could be obtained in the future.

(4) Deductible losses that were unrecognized as deferred income tax assets would expire in the following years:

Year	31 December 2018	31 December 2017
2018	-	-
2019	9,846.32	11,595.40
2020	13,707.81	13,766.46
2021	11,365.24	11,306.59
2022	289,891.23	223,987.50
2023	1,246,748.49	-

Year	31 December 2018	31 December 2017
Total	1,571,559.09	260,655.95

22. Other Non-Current Assets

Item	31 December 2018	31 December 2017
Prepayments for equipment and engineering services	233,983,903.99	88,074,264.21
Prepayments for acquisition of other long-lived assets	77,225,393.19	37,832,649.91
Total	311,209,297.18	125,906,914.12

23. Short-Term Borrowings

(1) Short-Term Borrowings by Category

Item	31 December 2018	31 December 2017
Unsecured borrowings	2,714,591,832.88	2,301,398,763.70
Secured borrowings with a pledge of collateral	1,363,034.81	-
Discounted undue notes	-	2,500,000.00
Total	2,715,954,867.69	2,303,898,763.70

(2) There were no overdue short-term borrowings as of the end of the Reporting Period.

24. Financial Liabilities Measured at Fair Value

Item	31 December 2018	31 December 2017
Trading financial liabilities	46,271,790.00	18,771,309.55
Including: Derivative financial liabilities	46,271,790.00	18,771,309.55
Total	46,271,790.00	18,771,309.55

Note: Trading financial liabilities were futures at fair value.

25. Notes and Accounts Payable

(1) Notes Payable

There were no notes payable as at the end of the Reporting Period.

(2) Accounts Payable

1) Closing Balances

Item	31 December 2018	31 December 2017
Accounts payable with aging below 1 year	1,480,625,014.36	1,204,339,877.59
Accounts payable with aging over 1 year	32,232,061.58	23,852,422.99
Total	1,512,857,075.94	1,228,192,300.58

2) Major Accounts Payable with Aging over 1 Year

Item	31 December 2018	Reason for unsettledness or carry-forward
Payable for engineering project	6,877,401.34	Settlement undue
Total	6,877,401.34	—

26. Advances from Customers

(1) Closing Balances

Item	31 December 2018	31 December 2017
Advances from customers with aging below 1 year	1,277,898,818.39	1,160,370,508.81
Advances from customers with aging over 1 year	29,361,196.31	27,018,957.86
Total	1,307,260,014.70	1,187,389,466.67

(2) Major Advances from Customers with Aging over 1 Year

Item	31 December 2018	Reason for unsettledness or carry-forward

Item	31 December 2018	Reason for unsettledness or carry-forward
Advances on sales	7,106,410.73	Conditions for revenue recognition unmet
Total	7,106,410.73	—

27. Payroll Payable

(1) Payroll Payable by Category

Item	31 December 2017	Increase in Current Period	Decrease in Current Period	31 December 2018
1. Short-term employee compensation	531,919,040.31	2,006,518,109.28	1,941,961,696.31	596,475,453.28
2. Post-employment benefits-defined contribution plans	134,832.28	79,936,570.29	79,996,619.12	74,783.45
3. Dismissal benefits	-	2,118,140.96	2,068,140.96	50,000.00
4. Current portion of other employee benefits	-	-	-	-
Total	532,053,872.59	2,088,572,820.53	2,024,026,456.39	596,600,236.73

(2) Short-Term Employee Compensation

Item	31 December 2017	Increase in Current Period	Decrease in Current Period	31 December 2018
I Salaries, bonuses, allowances and subsidies	407,459,734.85	1,751,924,618.94	1,692,711,707.95	466,672,645.84
II Employee benefits	1,947,862.47	63,678,737.07	62,429,642.96	3,196,956.58
III Social security contributions	92,764.18	45,456,479.66	45,406,651.56	142,592.28
Including: 1. Medical insurance	80,739.71	37,398,880.02	37,355,822.86	123,796.87
2. Work injury insurance	6,198.49	3,816,450.71	3,816,918.08	5,731.12

Item	31 December 2017	Increase in Current Period	Decrease in Current Period	31 December 2018
3. Serious disease subsidies	600.00	918,854.07	916,069.22	3,384.85
4. Maternity insurance	5,225.98	3,322,294.86	3,317,841.40	9,679.44
IV Housing funds	22,510.00	12,839,255.89	12,808,123.89	53,642.00
V Labor union funds and employee education funds	772,320.51	9,651,161.32	9,191,510.42	1,231,971.41
VI Short-term profit sharing plans	83,112,387.73	92,787,226.17	80,902,598.96	94,997,014.94
VII Key personnel stock ownership plans	38,511,460.57	30,180,630.23	38,511,460.57	30,180,630.23
Total	531,919,040.31	2,006,518,109.28	1,941,961,696.31	596,475,453.28

Note: As of the end of the Reporting Period, there were no arrears of employee compensation.

(3) Defined Contribution Plans

Item	31 December 2017	Increase in Current Period	Decrease in Current Period	31 December 2018
1. Basic endowment insurance	98,180.58	77,314,614.47	77,362,381.52	50,413.53
2. Unemployment insurance	36,651.70	2,621,955.82	2,634,237.60	24,369.92
3. Enterprise annuity contributions	-	-	-	-
Total	134,832.28	79,936,570.29	79,996,619.12	74,783.45

28. Taxes Payable

Item	31 December 2018	31 December 2017
VAT	5,543,427.85	7,950,971.04
City construction tax	288,243.61	500,803.40

Item	31 December 2018	31 December 2017
Corporate income tax	98,807,213.12	53,998,750.66
Individual income tax	4,245,340.11	3,120,644.57
Property tax	4,448,626.28	5,446,033.15
Stamp tax	1,837,340.80	1,460,810.62
Educational surcharges	222,894.49	372,130.09
Embankment fees	35,634.66	60,489.15
Land use tax	2,714,156.21	2,951,955.90
Local funds	21,418.36	11,273.24
Disabled employment security fund	47,764.01	103,904.40
Environmental protection tax	264,307.73	-
Water resource tax	65,522.50	-
Tax withheld	47,753.46	-
Total	118,589,643.19	75,977,766.22

29. Other Payables

Item	31 December 2018	31 December 2017
Interest payable	25,144,934.16	5,188,104.75
Dividends payable	6,250,397.10	8,880,810.40
Other payables	430,306,647.66	550,146,036.68
Total	461,701,978.92	564,214,951.83

(1) Interest Payable

Item	31 December 2018	31 December 2017
Interest payable on short-term borrowings	17,556,882.27	5,188,104.75
Interest payable on long-term borrowings	7,588,051.89	-
Total	25,144,934.16	5,188,104.75

(2) Dividends Payable

Item	31 December 2018	31 December 2017
Dividends payable to common shareholders	-	3,841,961.69
Dividends payable to non-controlling interests	6,250,397.10	5,038,848.71
Total	6,250,397.10	8,880,810.40

(3) Other Payables

1) Other Payables by Nature

Item	31 December 2018	31 December 2017
Restricted stock repurchase commitments	251,038,100.40	302,540,781.00
Security deposits	137,692,253.01	87,096,539.05
Petty cash	5,399,421.38	6,045,449.14
Land rents and payables for land use	4,777,381.84	5,548,979.34
Payables for equity transfer	5,000,000.00	104,551,689.52
Current payables to external parties	24,018,830.74	38,206,867.99
Other	2,380,660.29	6,155,730.64
Total	430,306,647.66	550,146,036.68

2) Major Other Receivables with Aging over 1 Year

Item	31 December 2018	Reason for unsettledness or carry-forward
Restricted stock repurchase commitments	209,444,558.40	Still in lockup period
Payables for equity transfer	1,000,000.00	Payment conditions unmet
Payables for land transfer	1,330,000.00	Land use certificate unfinished
Security deposits	10,000,000.00	Execution of contract unfinished

Item	31 December 2018	Reason for unsettledness or carry-forward
Cash pledge	2,622,857.00	Still within lease term
Total	224,397,415.40	—

30. Current Portion of Non-Current Liabilities

Item	31 December 2018	31 December 2017
Current portion of long-term payables	31,352,957.13	-
Total	31,352,957.13	-

31. Other Current Liabilities

Item	31 December 2018	31 December 2017
Utilities	26,382,881.71	19,034,872.40
Steam or other fuel or power charges	10,399,718.09	6,509,377.34
Transportation and warehousing charges	14,509,324.58	6,456,692.87
Office and meeting service charges	10,291,181.08	7,168,209.59
Travel charges	11,009,221.81	8,646,728.65
Rents	802,469.20	1,647,217.25
Vehicle charges	9,423,641.61	6,268,573.75
R&D charges	979,622.79	1,388,471.60
Business promotion charges	7,881,307.35	8,387,246.83
Maintenance charges	1,594,468.19	1,774,221.99
Entrusted cultivation charges	40,598,063.29	22,576,060.90
Taxes to be written off	18,822,783.10	32,123.96
Other	7,827,286.61	8,029,326.79

Item	31 December 2018	31 December 2017
Total	160,521,969.41	97,919,123.92

32. Long-Term Borrowings

Item	31 December 2018	31 December 2017
Unsecured borrowings	1,842,910,000.00	-
Total	1,842,910,000.00	-

33. Long-Term Payables

Item	31 December 2018	31 December 2017
Payables for equity transfer	111,716,800.00	111,716,800.00
Payables for finance leases	62,676,195.65	3,837,744.46
Less: Unrecognized financing costs	27,417,108.77	13,980,405.60
Less: Current portion of non-current liabilities	31,352,957.13	-
Total	115,622,929.75	101,574,138.86

34. Long-Term Payroll Payable

Item	31 December 2018	31 December 2017
1. Post-employment benefits-net liabilities of defined benefit plans	-	-
2. Dismissal benefits	-	-
3. Long-term profit sharing plans	64,891,859.13	72,463,249.40
Total	64,891,859.13	72,463,249.40

35. Deferred Income

Item	31 December 2017	Increase in Current Period	Decrease in Current Period	31 December 2018	Reason
Government subsidies	72,910,480.78	18,607,203.10	24,712,613.07	66,805,070.81	Receipt of government subsidy
Rent income	2,506,592.32	4,707,078.31	5,650,609.21	1,563,061.42	Conditions for revenue recognition unmet
Total	75,417,073.10	23,314,281.41	30,363,222.28	68,368,132.23	—

Items involving government subsidies:

Liability item	31 December 2017	Increase in Current Period	Amount charged to non-operating income in Current Period	Amount charged to other income in Current Period	Amount offsetting costs and expenses in Current Period	Other changes	31 December 2018	Associated with assets/income
Reward funds	2,115,529.62	-	-	54,360.48	-	-	2,061,169.14	Assets
Science and technology subsidies	2,700,121.80	971,900.00	-	802,762.11	-	-	2,869,259.69	Assets
Science and technology subsidies	15,817,504.63	4,944,100.00	-	14,356,484.91	-	-	6,405,119.72	Income
Development support funds	143,314.04	-	-	69,423.96	-	-	73,890.08	Income
Development support funds	1,417,014.16	-	-	359,439.94	-	-	1,057,574.22	Assets
Production subsidies	4,707,536.54	-	-	2,597,024.13	-	-	2,110,512.41	Income
Production subsidies	45,700,951.58	12,441,203.10	-	6,060,825.59	-	-	52,081,329.09	Assets

Liability item	31 December 2017	Increase in Current Period	Amount charged to non-operating income in Current Period	Amount charged to other income in Current Period	Amount offsetting costs and expenses in Current Period	Other changes	31 December 2018	Associated with assets/income
Other subsidies	308,508.41	250,000.00	-	412,291.95	-	-	146,216.46	Income
Total	72,910,480.78	18,607,203.10	-	24,712,613.07	-	-	66,805,070.81	——

36. Share Capital

Item	31 December 2017	Changes in Current Period					31 December 2018
		New issue	Shares as dividend converted from retained earnings	Shares as dividend converted from public reserves	Other	Subtotal	
Total shares	1,575,237,054.00	7,825,950.00	-	-	-1,851,920.00	5,974,030.00	1,581,211,084.00

Note: The changes in the total shares in the Reporting Period were incurred by the exercise of share options under equity incentive plans in 2018, the restricted shares newly subscribed for and the repurchase of restricted shares granted to employees but still in lockup due to the employees' resignation or the termination of the labor contracts with the employees.

37. Capital Reserves

Item	31 December 2017	Increase in Current Period	Decrease in Current Period	31 December 2018
Share premium (note 1)	1,655,767,910.32	95,910,632.58	18,776,314.00	1,732,902,228.90
Other capital reserves (note 2)	193,517,929.09	115,240,509.94	30,882,485.71	277,875,953.32
Total	1,849,285,839.41	211,151,142.52	49,658,799.71	2,010,778,182.22

Note 1: Reasons for the changes in share premium:

① The increases in share premium in the Current Period primarily consisted of the portion by which the amount paid to subscribe for restricted stock exceeded the par value, the premium arising from the exercise of incentive share options, the portion by which the payments for acquisition of equity interests in subsidiaries from non-controlling interests were lower than the Company's shares of the subsidiaries' net assets on the transfer days, and the portion by which the payments received for sale of equity interests in subsidiaries to non-controlling interests exceeded the Company's shares of the subsidiaries' net assets on the transfer days.

② The decreases in share premium in the Current Period were primarily incurred by the repurchase of restricted shares granted to employees but still in lockup due to the employees' resignation, and the portion by which the

payments for acquisition of equity interests in subsidiaries from non-controlling interests exceeded the Company's shares of the subsidiaries' net assets on the transfer days.

Note 2: Reasons for the changes in other capital reserves:

- ① The increases in other capital reserves in the Current Period primarily consisted of the share-based payments with equity instruments attributable to the parent company in the implementation of share option and restricted share incentives (see item XI in the Notes to Consolidated Financial Statements herein), and the deferred income tax assets on the amount by which the deductible amount in the exercise of share options under the equity incentive plan exceeded the recognized costs during the pending period being directly charged to other capital reserves.
- ② The decreases in other capital reserves in the Current Period were primarily incurred by the reclassification into share premium due to the exercise of incentive share options and the unlocking of restricted shares.

38. Treasury Shares

Item	31 December 2017	Increase in Current Period	Decrease in Current Period	31 December 2018
Restricted stock repurchase commitments	302,540,781.00	44,975,520.00	96,478,200.60	251,038,100.40
Total	302,540,781.00	44,975,520.00	96,478,200.60	251,038,100.40

Note: The increase in the Current Period was primarily incurred by the payment of incentive awardees for subscription of restricted shares. The decrease in the Current Period was primarily incurred by equity distribution and the repurchase of restricted shares granted to employees but still in lockup due to the employees' resignation or the termination of the labor contracts with the employees.

39. Other Comprehensive Income

Item	31 December 2017	Amount incurred in Current Period					31 December 2018
		Amount before income tax	Less: Previous other comprehensive income reclassified into profit or loss	Less: income tax expense	Attributable to the parent company, net of tax	Attributable to non-controlling interests, net of tax	

Item	31 December 2017	Amount incurred in Current Period					31 December 2018
		Amount before income tax	Less: Previous other comprehensive income reclassified into profit or loss	Less: income tax expense	Attributable to the parent company, net of tax	Attributable to non-controlling interests, net of tax	
1. Other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-
2. Other comprehensive income that may subsequently be reclassified to profit or loss	-2,771,414.88	6,647,951.72	-	-	10,372,192.53	-3,724,240.81	7,600,777.65
Including: Gain/Loss on changes in fair value of available-for-sale financial assets	-	-	-	-	-	-	-
Differences arising from translation of foreign currency-denominated financial statements	-2,771,414.88	6,647,951.72	-	-	10,372,192.53	-3,724,240.81	7,600,777.65
Other	-	-	-	-	-	-	-
Total	-2,771,414.88	6,647,951.72	-	-	10,372,192.53	-3,724,240.81	7,600,777.65

40. Surplus Reserves

Item	31 December 2017	Increase in Current Period	Decrease in Current Period	31 December 2018
Statutory surplus	381,963,650.77	136,767,076.29	-	518,730,727.06

Item	31 December 2017	Increase in Current Period	Decrease in Current Period	31 December 2018
reserves				
Total	381,963,650.77	136,767,076.29	-	518,730,727.06

Note: As per the Company's Articles of Association, 10% of its net income in 2018, i.e. RMB 136,767,076.29, was appropriated to statutory surplus reserves.

41. Retained Earnings

Item	Amount	Appropriation or allocation percentage
Retained earnings as of end of prior year before adjustments	2,973,520,338.94	
Total adjustments to opening retained earnings ("+" for increase and "-" for decrease)	-	
Opening retained earnings after adjustments	2,973,520,338.94	
Add: Net income attributable to shareholders of company in Current Period	1,437,281,732.28	
Less: Appropriation to statutory surplus reserves	136,767,076.29	10%
Dividends paid to common shareholders	395,378,588.50	
Closing retained earnings	3,878,656,406.43	

Note: On 14 May 2018, the Proposal on 2017 Annual Dividend Payout Plan (《关于2017年度利润分配预案的议案》) was reviewed and approved at the Company's 2017 Annual General Meeting. As such, the Company was agreed to distribute, based on its total shares of 1,581,514,354, a cash dividend of RMB 2.50 (tax inclusive) per 10 shares to shareholders, with the total cash dividends amounting to RMB 395,378,588.50, and the remaining retained earnings would carry forward.

42. Sales Revenue and Cost of Sales

(1) Sales Revenue

Item	2018	2017

Item	2018	2017
Revenue from main operations	42,063,586,048.63	32,507,236,635.58
Revenue from other operations	93,042,751.48	49,397,491.80
Total	42,156,628,800.11	32,556,634,127.38

(2) Cost of sales

Item	2018	2017
Cost of sales in main operations	37,559,821,198.27	28,954,504,657.47
Cost of sales in other operations	55,764,986.50	25,074,034.95
Total	37,615,586,184.77	28,979,578,692.42

(3) Sales Revenue and Cost of Sales by Operating Division

Operating division	2018		2017	
	Sales revenue	Cost of sales	Sales revenue	Cost of sales
Feed industry	40,415,026,750.36	36,112,759,842.52	31,350,326,470.87	27,920,191,508.46
Farming industry	1,741,602,049.75	1,502,826,342.25	1,206,307,656.51	1,059,387,183.96
Total	42,156,628,800.11	37,615,586,184.77	32,556,634,127.38	28,979,578,692.42

(4) Sales Revenue and Cost of Sales by Product Category

Product category	2018		2017	
	Sales revenue	Cost of sales	Sales revenue	Cost of sales
Sales of feed	34,965,196,221.20	31,106,349,787.96	26,534,947,550.95	23,468,493,455.70
Sales of animal healthcare products	473,324,165.98	249,356,564.20	395,033,183.99	198,573,484.79
Sales of agricultural products	1,741,602,049.75	1,502,826,342.25	1,206,307,656.51	1,059,387,183.96

Product category	2018		2017	
	Sales revenue	Cost of sales	Sales revenue	Cost of sales
Trading business	4,874,822,732.93	4,722,496,795.03	4,353,761,813.66	4,229,945,384.53
Others	101,683,630.25	34,556,695.33	66,583,922.27	23,179,183.44
Total	42,156,628,800.11	37,615,586,184.77	32,556,634,127.38	28,979,578,692.42

(5) Sales Revenue by Operating Segment

Operating segment	2018	2017
Southern China	25,268,338,101.65	21,435,646,148.66
Eastern China	5,944,635,932.64	4,541,380,412.75
Northern China	13,048,253,974.37	6,882,406,834.60
Central China	9,410,967,930.35	7,668,641,426.51
Overseas	2,982,432,421.86	2,418,687,862.14
Combined offset	-14,497,999,560.76	-10,390,128,557.28
Total	42,156,628,800.11	32,556,634,127.38

Note: South China refers to the Guangdong, Guangxi and Hainan provinces; east China refers to the Jiangsu, Zhejiang and Fujian provinces, as well as the Shanghai Municipality; north China consists of the Henan, Hebei, Shandong, Liaoning, Shaanxi and Gansu provinces, the Tianjin Municipality and the Xinjiang Autonomous Region; central China comprises the Hunan, Hubei, Anhui, Jiangxi, Sichuan, Yunnan and Guizhou provinces, as well as the Chongqing Municipality; and the overseas regions mean Hong Kong, Macau, Taiwan of China and overseas regions.

43. Taxes and Surcharges

Item	2018	2017
City construction and maintenance tax	2,266,665.90	3,417,218.48
Educational surcharge	1,109,094.63	1,584,088.56
Local educational surcharge	726,482.40	1,047,984.97

Item	2018	2017
Stamp tax	18,172,714.35	15,155,505.04
Property tax	17,112,520.02	15,042,899.00
Land use tax	11,395,616.42	9,735,043.52
Environmental protection tax	1,131,182.13	-
Other	1,226,462.49	1,107,831.32
Total	53,140,738.34	47,090,570.89

44. Selling Expense

Item	2018	2017
Employee compensation	752,167,912.68	625,609,147.47
Travel expense	167,983,708.20	119,348,019.26
Product transportation charges and port charges	309,572,633.43	206,628,792.38
Business promotion expense	108,479,633.63	78,844,829.50
Equity incentive expense	7,253,250.43	8,434,859.06
Other	32,469,320.31	31,608,363.18
Total	1,377,926,458.68	1,070,474,010.85

45. Administrative Expense

Item	2018	2017
Employee compensation	563,662,350.60	464,443,020.74
Office expense	239,934,995.42	182,586,080.39
Travel expense	54,985,035.30	43,786,139.41
Training and consulting service charges	39,831,493.67	26,486,883.92

Item	2018	2017
Equity incentive expense	19,717,103.07	21,751,625.04
Other	48,981,574.34	54,260,917.74
Total	967,112,552.40	793,314,667.24

46. R&D Expense

Item	2018	2017
Employee compensation	157,537,878.14	122,398,700.42
Office expense	38,834,784.44	39,302,869.74
Material costs	83,379,047.36	67,922,663.42
Travel expense	14,738,823.94	10,844,792.73
Equity incentive expense	5,236,488.93	5,553,776.59
Training and consulting service charges	2,388,523.37	1,848,596.75
Expense on R&D entrusted to external parties	5,122,159.73	4,651,146.18
Other	1,929,614.75	1,400,549.66
Total	309,167,320.66	253,923,095.49

47. Financial Expenses

Item	2018	2017
Interest expense	189,458,281.87	99,494,927.21
Less: Interest revenue	32,211,787.13	15,769,534.30
Add: Foreign exchange loss	86,083,070.80	18,739,296.75
Less: Foreign exchange income	48,101,399.87	35,766,435.90
Add: Unrecognized financing costs	5,927,697.80	133,704.89

Item	2018	2017
Add: Handling charges	17,896,467.45	13,620,820.53
Total	219,052,330.92	80,452,779.18

48. Impairment Losses on Assets

Item	2018	2017
Loss on doubtful accounts	59,058,265.12	28,036,701.96
Allowance for loss on loans	123,450.00	-
Inventory valuation allowance	754,254.68	208,457.38
Allowance for impairments of available-for-sale financial assets	-	14,554,950.00
Allowance for goodwill impairments	6,075,401.38	2,668,846.38
Total	66,011,371.18	45,468,955.72

49. Gain/Loss on Changes in Fair Value

Source	2018	2017
Financial assets at fair value through profit or loss	40,071,452.73	-15,528,350.00
Including: Gain/loss on changes in fair value of derivative financial instruments	40,071,452.73	-15,528,350.00
Financial liabilities measured at fair value	-27,492,716.88	-17,021,820.35
Total	12,578,735.85	-32,550,170.35

Note: Gain/Loss on changes in fair value primarily consisted of the floating gains and losses on futures, forwards and currency swaps.

50. Return on Investment

Item	2018	2017

Item	2018	2017
Return on long-term equity investments under equity method	6,349,268.04	6,307,278.32
Income from disposal of long-term equity investments	-647,232.38	-3,690,871.24
Income from disposal of financial assets measured at fair value	125,317,041.78	139,374,343.43
Income from holding available-for-sale financial assets	3,882,577.17	3,970,851.71
Income from disposal of available-for-sale financial assets	-175,206.74	-73,004.67
Return on investments in wealth management instruments	16,363,273.98	28,765,121.46
Total	151,089,721.85	174,653,719.01

51. Gains on Assets Disposal

Item	2018	2017
Income from disposal of property, plant and equipment	193,042.36	1,002,000.14
Income from disposal of intangible assets	-	1,233,329.52
Income from disposal of productive living assets	-126,881.07	3,801,741.37
Total	66,161.29	6,037,071.03

52. Other Income

Source	2018	2017
Governmental subsidies arising in the ordinary course of business	54,838,316.91	41,395,359.88

Source	2018	2017
Other items arising in the ordinary course of business that should be charged directly to other income	1,263,559.84	1,259,316.26
Total	56,101,876.75	42,654,676.14

53. Non-Operating Gain

(1) Details of Non-Operating Gain

Item	2018	2017	Amount charged to current non-operating gains and losses
Gain on disposal of non-current assets resulted from damage or obsolescence	99,724.11	43,677.64	99,724.11
Government subsidies	10,696,100.00	17,363,929.82	10,696,100.00
Penalty revenue	1,072,650.38	960,108.23	1,072,650.38
Debt repayment revenue	3,011,470.01	4,802,980.68	3,011,470.01
Default revenue	6,787,149.26	580,050.61	6,787,149.26
Negative goodwill	-	122,148.00	-
Insurance compensation	3,734,824.21	737,673.69	3,734,824.21
Other	1,448,705.88	2,546,636.33	1,448,705.88
Total	26,850,623.85	27,157,205.00	26,850,623.85

(2) Government Subsidies through Profit or Loss

Subsidy	Grantor	Reason for granting	Nature/Type	Effect on current profit/loss (yes/no)	Special subsidy	2018	2017	Associated with assets/income
Governmental rewards	Competent administration	Reward	Reward for engaging in industries encouraged and supported by the state	No	No	10,696,100.00	2,999,484.00	Income
Specialized subsidies	Competent administration	Subsidy	Subsidy for meeting local governments' investment attracting policies	No	No	-	5,000,000.00	Income
Other subsidies	Competent administration	Subsidy	Subsidy for engaging in industries encouraged and supported by the state	No	No	-	9,364,445.82	Income
Total	—	—	—	—	—	10,696,100.00	17,363,929.82	—

54. Non-Operating Loss

Item	2018	2017	Amount charged to current non-operating gains and losses
Loss on disposal of non-current assets resulted from damage or obsolescence	16,103,150.79	15,215,193.59	16,103,150.79
Donations	3,152,583.60	3,052,507.97	3,152,583.60
Loss on disposal of current assets resulted from obsolescence	935,579.92	509,541.40	935,579.92
Extraordinary losses	330,948.82	18,801.21	330,948.82
Other	8,593,646.98	3,423,169.71	8,593,646.98
Total	29,115,910.11	22,219,213.88	29,115,910.11

55. Income Tax Expense

(1) Information about Income Tax Expense

Item	2018	2017
Current income tax expense	332,944,051.45	268,950,157.52
Deferred income tax expense	-50,681,159.71	-13,345,228.55
Total	282,262,891.74	255,604,928.97

(2) Calculation of Income Tax Expense Based on Accounting Income

Item	2018
Pretax income	1,766,203,052.64
Income tax expense calculated at statutory/applicable tax rate	441,550,763.16
Effect of different tax rates applicable to subsidiaries	-133,345,017.64
Effect of income tax annual filing for prior periods	-4,031,276.48
Effect of income not subject to tax	-9,469,895.91

Item	2018
Effect of costs, expenses and losses not deductible for tax purposes	13,269,315.20
Effect of deductible losses for which no deferred income tax asset was recognized in prior years	32,821.00
Effect of deductible temporary differences or deductible losses for which no deferred income tax asset was recognized in Current Period	2,838,380.11
Changes in opening balance of deferred income tax assets/liabilities incurred by tax rate adjustments	362,683.15
Effect of over-deduction	-28,944,880.85
Income tax expense	282,262,891.74

56. Notes to Cash Flow Statement

(1) Cash Generated by Other Operating Activities

Item	2018	2017
Proceeds from settled operating current accounts	86,263,336.51	51,068,630.89
Fiscal subsidies	61,396,009.27	52,025,697.03
Interest revenue on deposits	31,746,796.28	15,769,534.30
Other	15,861,436.94	3,741,697.93
Total	195,267,579.00	122,605,560.15

(2) Cash Used in Other Operating Activities

Item	2018	2017
Payments for settled operating current accounts	121,575,814.90	67,254,578.73
Payments for other expense	958,180,075.89	917,480,342.92
Total	1,079,755,890.79	984,734,921.65

(3) Cash Generated by Other Investing Activities

Item	2018	2017
Subsidies received for R&D programs	-	8,476,759.52
Total	-	8,476,759.52

(4) Cash Used in Other Investing Activities

Item	2018	2017
Security deposits for the acquisition of long-lived assets	5,513,846.93	-
Net proceeds from the disposal of subsidiaries	894,973.57	-
Total	6,408,820.50	-

(5) Cash Generated by Other Financing Activities

Item	2018	2017
Deposits for notes, loans and letters of credit	37,170,911.00	6,280,000.00
Total	37,170,911.00	6,280,000.00

(6) Cash Used in Other Financing Activities

Item	2018	2017
Deposits for notes, loans and letters of credit	20,921,317.72	17,670,911.00
Dividend expense	163,361.67	553,530.00
Repurchase of restricted stock	13,770,969.65	28,391,841.75
Payments for finance leases	48,707,364.47	-
Payments for the acquisitions of non-controlling interests in the current	4,565,000.00	-

Item	2018	2017
year and last year		
Total	88,128,013.51	46,616,282.75

57. Supplementary Information to Cash Flow Statement

(1) Supplementary Information to Cash Flow Statement

Supplementary information	2018	2017
1. Reconciliation of net income to net cash flows from operating activities:		
Net income	1,483,940,160.90	1,226,459,713.57
Add: Allowance for asset impairments	66,011,371.18	45,468,955.72
Depreciation of property, plant and equipment, investment property and productive living assets	437,203,065.21	352,975,962.58
Amortization of intangible assets	55,842,173.05	40,323,286.70
Amortization of long-term prepaid expense	45,071,285.73	31,345,813.24
Loss on disposal of property, plant and equipment, intangible assets and other long-lived assets ("-" for income)	-66,161.29	-6,037,071.03
Loss on scrapped property, plant and equipment ("-" for income)	14,400,142.84	14,660,040.46
Loss on scrapped productive living assets ("-" for income)	1,603,283.84	511,475.49
Loss on changes in fair value ("-" for income)	-12,578,735.85	32,550,170.35
Financial expenses ("-" for income)	195,385,979.67	99,494,927.21
Investment loss ("-" for income)	-151,089,721.85	-174,653,719.01
Decrease in deferred income tax assets ("-" for increase)	-83,773,226.30	-72,208,063.42
Increase in deferred income tax liabilities ("-" for decrease)	33,179,160.20	43,050,335.23
Decrease in inventories ("-" for increase)	-1,486,501,369.54	-1,342,398,064.02

Supplementary information	2018	2017
Decrease in operating receivables (“-” for increase)	-454,074,739.00	50,329,678.90
Increase in operating payables (“-” for decrease)	865,169,605.82	104,601,802.59
Equity incentive expense	34,024,835.91	38,176,351.21
Other	-7,983,104.19	9,569,860.08
Net cash flows from operating activities	1,035,764,006.33	494,221,455.85
2. Key investing and financing activities involving no proceeds or payments in cash :		
Conversion of debt into capital	-	-
Current portion of convertible corporate bonds	-	-
Property, plant and equipment held under finance leases	-	-
3. Net changes in cash and cash equivalents:		
Closing balance of cash	1,728,167,759.86	1,374,275,559.37
Less: Opening balance of cash	1,374,275,559.37	1,537,093,788.38
Add: Closing balance of cash equivalents	430,000,000.00	-
Less: Opening balance of cash equivalents	-	-
Net increase in cash and cash equivalents	783,892,200.49	-162,818,229.01

(2) Net Cash Payments for Acquisition of Subsidies in Current Period

Item	2018	2017
Cash or cash equivalents paid in Current Period for business combinations incurred in Current Period	258,467,418.75	151,352,813.18
Including: Feicheng Heruifeng	200,370,280.00	-
Weifang Xuheng	46,319,300.00	-
Xinjiang Ruiliheng	11,000,000.00	-
Jianong Lianyungang	-	-

Item	2018	2017
Kembang Subur International	777,838.75	-
Guigang Donghuang	-	3,801,602.70
Liyang Jiuhe	-	64,043,700.00
Shandong Daxin	-	83,507,510.48
Hunan Jinhuilong	-	-
Less: Cash and cash equivalents held by the subsidiaries on acquisition dates	606,474.00	37,890,906.48
Including: Feicheng Heruifeng	55,425.62	-
Weifang Xuheng	521,240.07	-
Xinjiang Ruiliheng	-	-
Jianong Lianyungang	29,808.31	-
Kembang Subur International	-	-
Guigang Donghuang	-	3.15
Liyang Jiuhe	-	7,206,434.79
Shandong Daxin	-	10,551,131.16
Hunan Jinhuilong	-	20,133,337.38
Add: Cash or cash equivalents paid in Current Period for business combinations incurred in prior periods	103,974,089.82	-
Net cash payments for acquisition of subsidies	361,835,034.57	113,461,906.70

(3) Net Cash Proceeds from Disposal of Subsidiaries in Current Period

Item	2018	2017
Cash or cash equivalents received in Current Period for disposal of subsidiaries incurred in Current Period	2,238,220.00	958,489.00
Including: Changzhou Gude	2,238,220.00	-

Item	2018	2017
Guangzhou Diliwei	-	958,489.00
Less: Cash and cash equivalents held by the subsidiary on the date when the Company's control over the subsidiary ceased	3,133,193.57	-
Including: Changzhou Gude	3,133,193.57	-
Guangzhou Diliwei	-	-
Add: Cash or cash equivalents received in Current Period for disposal of subsidiaries incurred in prior periods	-	-
Net cash proceeds from disposal of subsidiaries	-894,973.57	958,489.00

(4) Composition of Cash and Cash Equivalents

Item	31 December 2018	31 December 2017
1. Cash	1,728,167,759.86	1,374,275,559.37
Including: Cash on hand	3,458,157.23	4,118,236.03
Cash at bank that can be readily drawn on demand	1,637,357,730.01	1,313,924,748.67
Other cash balances that can be readily drawn on demand	87,351,872.62	56,232,574.67
2. Cash equivalents	430,000,000.00	-
3. Closing balance of cash and cash equivalents	2,158,167,759.86	1,374,275,559.37
Including: Cash and cash equivalents of the parent company and subsidiaries within the Group with use restrictions	-	-

58. Assets with Restricted Ownership or Use Rights

Item	31 December 2018	Reason for restriction
Monetary assets	7,242,078.72	Security deposits for letters of credit and land reclamation deposits
Total	7,242,078.72	—

59. Monetary Items Denominated in Foreign Currencies

(1) Monetary Items Denominated in Foreign Currencies

Item	Closing foreign currency balance	Exchange rate	Closing RMB balance
Monetary assets			336,914,238.76
Including: MYR	2,269,659.57	1.64791	3,740,192.94
INR	115,928,352.51	0.09786	11,344,227.55
IDR	32,285,915,222.06	0.00047	15,289,343.76
USD	17,187,142.23	6.86320	117,958,794.59
VND	639,005,196,299.83	0.00030	188,581,679.92
Notes receivable			2,412,666.54
Including: INR	16,238,120.00	0.09786	1,588,989.41
VND	2,791,013,155.00	0.00030	823,677.13
Accounts receivable			223,707,325.51
Including: MYR	521,218.15	1.64791	858,920.21
INR	175,010,826.00	0.09786	17,125,772.88
USD	955,572.80	6.86320	6,558,287.24
VND	674,864,342,799.00	0.00030	199,164,345.18
Interest receivable			965,220.89
Including: VND	3,267,606,284.00	0.00030	964,328.12
INR	9,123.29	0.09786	892.77
Other receivables			7,531,522.01
Including: MYR	48,064.87	1.64791	79,206.48
INR	12,284,556.26	0.09786	1,202,111.44
IDR	172,112,500.00	0.00047	81,505.71
USD	76,688.63	6.86320	526,329.40
VND	19,118,513,562.00	0.00030	5,642,368.98
Long-term receivables			2,596,038.13

Item	Closing foreign currency balance	Exchange rate	Closing RMB balance
Including: INR	18,214,600.00	0.09786	1,782,398.91
VND	2,757,000,000.00	0.00030	813,639.22
Short-term borrowings			447,587,530.09
Including: MYR	827,129.80	1.64791	1,363,034.81
USD	27,201,700.00	6.86320	186,690,707.44
INR	50,000,000.00	0.09786	4,892,775.28
VND	862,845,904,736.00	0.00030	254,641,012.56
Accounts payable			125,200,566.26
Including: MYR	7,055.45	1.64791	11,626.74
INR	227,271,744.69	0.09786	22,239,791.52
IDR	3,589,089,485.00	0.00047	1,699,652.13
USD	4,673,485.96	6.86320	32,075,068.84
VND	234,396,142,446.65	0.00030	69,174,427.03
Payroll payable			25,769,074.20
Including: MYR	218,973.99	1.64791	360,849.28
INR	12,782,815.00	0.09786	1,250,868.85
IDR	358,161,892.00	0.00047	169,611.43
USD	715,629.31	6.86320	4,911,507.08
VND	64,639,443,733.35	0.00030	19,076,237.56
Taxes payable			12,794,897.54
Including: INR	692,646.22	0.09786	67,779.25
IDR	347,506,089.00	0.00047	164,565.33
USD	480,243.36	6.86320	3,296,006.22
VND	31,399,505,685.00	0.00030	9,266,546.74
Interest payable			7,572,010.43
Including: USD	789,036.47	6.86320	5,415,315.10

Item	Closing foreign currency balance	Exchange rate	Closing RMB balance
VND	7,307,918,391.01	0.00030	2,156,695.33
Other payables			4,736,958.16
Including: MYR	75,851.61	1.64791	124,996.58
INR	17,426,959.17	0.09786	1,705,323.87
USD	45,203.83	6.86320	310,242.92
VND	8,797,845,811.00	0.00030	2,596,394.79
Long-term borrowings			343,160,000.00
USD	50,000,000.00	6.86320	343,160,000.00

(2) Overseas Business Entities

Name of business entity	Recording currency	Principal place of business	Basis for determination of recording currency
Kinghill Holdings	USD	Singapore	A major local currency
Kinghill Pte.	USD	Singapore	A major local currency
Kinghill Resources	USD	Singapore	A major local currency
Kinghill Agri	USD	Singapore	A major local currency
Haida Indonesia	IDR	Indonesia	A major local currency
Haida Surabaya	IDR	Indonesia	A major local currency
Haid International	USD	Hong Kong	A major local currency
Haida HK	USD	Hong Kong	A major local currency
Rickworth	USD	Hong Kong	A major local currency
Hong Kong Longreat	USD	Hong Kong	A major local currency
Dong Nai Haid	VND	Vietnam	A major local currency
Dancl	USD	Hong Kong	A major local currency
Panasia Trading	USD	Hong Kong	A major local currency
Sheng Long International	USD	Hong Kong	A major local currency

Name of business entity	Recording currency	Principal place of business	Basis for determination of recording currency
Sheng Long Bio-Tech	VND	Vietnam	A major local currency
Long Sheng International	VND	Vietnam	A major local currency
Hisenor International	USD	Hong Kong	A major local currency
Hisenor Viet Nam	VND	Vietnam	A major local currency
Kembang Subur International	MYR	Malaysia	A major local currency
Namduong Vietnam	VND	Vietnam	A major local currency
Sheng Long Malaysia	MYR	Malaysia	A major local currency
Sheng Long Aqua Malaysia	MYR	Malaysia	A major local currency
Nano	USD	Hong Kong	A major local currency
Oceanic	USD	Hong Kong	A major local currency
Power Spring	USD	Hong Kong	A major local currency
Link	USD	Hong Kong	A major local currency
Lanking	USD	Singapore	A major local currency
Lanking America	USD	The U.S.	A major local currency
Lanking Nemo	USD	Singapore	A major local currency
Sheng Long India	INR	India	A major local currency
Lanking Rickworth	USD	Singapore	A major local currency
Lanking Nano	USD	Singapore	A major local currency
Hai Duong Haid	VND	Vietnam	A major local currency
Hai Dai Company Limited	VND	Vietnam	A major local currency
Vinh Long Hai Dai	VND	Vietnam	A major local currency
Haid Ecuador	USD	Ecuador	A major local currency

60. Government Subsidies

(1) Basic Information about Government Subsidies

Type	Amount	Recognized in	Amount charged to current profit/loss
Fiscal discounts	781,543.00	Financial expense	781,543.00
Science and technology subsidy	5,916,000.00	Deferred income	15,159,247.02
Science and technology subsidy	5,148,369.92	Other income	5,148,369.92
Production subsidy	12,441,203.10	Deferred income	8,657,849.72
Production subsidy	11,150,092.63	Other income	11,150,092.63
Development support funds	938,380.18	Other income	1,367,244.08
Reward funds	9,317,360.00	Other income	9,371,720.48
Reward funds	10,696,100.00	Non-operating income	10,696,100.00
Other subsidy	250,000.00	Deferred income	412,291.95
Other subsidy	3,571,501.11	Other income	3,571,501.11
Total	60,210,549.94	—	66,315,959.91

Note: For government subsidies recognized in deferred income and charged to other income by installment in the Current Period, see item V of the notes to the consolidated financial statements, “35. Deferred Income”.

(2) Government Subsidies Taken back

None of the government subsidies that had been granted to the Company were taken back in the Reporting Period.

VI Changes in Consolidation Scope

(I) Business Combinations Involving Enterprises Not under Common Control

1. Business Combinations Involving Enterprises Not under Common Control Incurred in Current Period

Acquiree	Time of acquisition	Acquisition cost (RMB)	% interest acquired	Acquisition method	Acquisition date	Basis for determination of acquisition date	Revenue of acquire from acquisition date to period-end (RMB)	Net income of acquire from acquisition date to period-end (RMB)
Feicheng Heruifeng	2018-06-14	200,370,280.00	80.00	Acquisition and capital increase	2018-06-14	Date when control over acquiree was obtained	37,333,371.93	-4,660,078.66
Weifang Xuheng	2018-06-21	50,319,300.00	100.00	Acquisition	2018-06-21	Date when control over acquiree was obtained	19,031,518.47	-4,620,371.19
Jianong Lianyungang	2018-08-01	2.00	82.00	Acquisition	2018-08-01	Date when control over acquiree was obtained	-	-953,012.19
Xinjiang Ruiliheng	2018-10-24	11,000,000.00	50.00	Capital increase	2018-10-24	Date when control over acquiree was obtained	3,670,234.00	-1,096,221.65
Kembang Subur International (note)	2018-11-12	777,838.75	100.00	Acquisition	2018-11-12	Date when control over acquiree was obtained	-	5,160.63

Note: The acquisition cost of the equity interests in Kembang Subur International in the Current Period was USD 112,150.00, equal to RMB 777,838.75 according to the central parity rate of RMB against USD at the end of the acquisition month.

2. Costs of Combination and Goodwill

Costs of combination	Feicheng Heruifeng	Weifang Xuheng	Jianong Lianyungang	Xinjiang Ruiliheng	Kembang Subur International
Cash	200,370,280.00	46,319,300.00	2.00	11,000,000.00	777,838.75
Fair value of debt issued or borne	-	4,000,000.00	-	-	-
Total costs of combination	200,370,280.00	50,319,300.00	2.00	11,000,000.00	777,838.75
Less: Share of fair value of identifiable net assets obtained	143,277,756.80	19,811,938.22	-587,207.55	9,588,959.37	431,186.36
Amount by which goodwill/costs of combination were lower than share of fair value of identifiable net assets obtained	57,092,523.20	30,507,361.78	587,209.55	1,411,040.63	346,652.39

Note 1: The fair value of the costs of combination was determined at the audited or appraised value approved by both the acquirer and the acquiree.

Note 2: Goodwill of a great amount was primarily incurred by the amounts by which the fair value of the costs of combination was higher than the fair value of the identifiable net assets on the acquisition dates.

3. Identifiable Assets and Liabilities of Acquirees at Acquisition Dates

Item	Feicheng Heruifeng		Weifang Xuheng		Jianong Lianyungang		Xinjiang Ruiliheng		Kembang Subur International	
	Fair value at acquisition date	Carrying value at acquisition date	Fair value at acquisition date	Carrying value at acquisition date	Fair value at acquisition date	Carrying value at acquisition date	Fair value at acquisition date	Carrying value at acquisition date	Fair value at acquisition date	Carrying value at acquisition date
Assets:	235,546,561.74	226,288,227.55	68,158,046.97	57,707,735.18	3,890,212.03	3,890,212.03	67,760,769.04	67,760,769.04	532,584.43	532,584.43
Monetary assets	55,425.62	55,425.62	521,240.07	521,240.07	29,808.31	29,808.31	-	-	-	-
Notes and accounts receivable	950,152.53	950,152.53	92,292.69	92,292.69	-	-	-	-	-	-
Prepayments	442,407.69	442,407.69	-	-	-	-	5,052,715.66	5,052,715.66	-	-
Other receivables	164,100,327.88	164,100,327.88	35,830.35	35,830.35	-	-	11,997,545.55	11,997,545.55	-	-
Inventories	10,426,655.04	10,426,655.04	4,537,488.20	4,537,488.20	-	-	1,415,861.74	1,415,861.74	-	-
Other current assets	505,614.54	505,614.54	385,378.51	385,378.51	635,733.33	635,733.33	57,876.63	57,876.63	-	-
Property, plant and equipment	38,068,865.29	28,810,531.10	48,372,273.23	37,921,961.44	207,494.39	207,494.39	35,013,195.46	35,013,195.46	19,679.84	19,679.84
Construction in progress	350,000.00	350,000.00	-	-	217,176.00	217,176.00	213,496.07	213,496.07	-	-
Intangible assets	-	-	-	-	-	-	1,983,333.33	1,983,333.33	512,904.59	512,904.59
Long-term prepaid expense	542,830.79	542,830.79	316,303.50	316,303.50	-	-	-	-	-	-

Item	Feicheng Heruifeng		Weifang Xuheng		Jianong Lianyungang		Xinjiang Ruiliheng		Kembang Subur International	
	Fair value at acquisition date	Carrying value at acquisition date	Fair value at acquisition date	Carrying value at acquisition date	Fair value at acquisition date	Carrying value at acquisition date	Fair value at acquisition date	Carrying value at acquisition date	Fair value at acquisition date	Carrying value at acquisition date
Other non-current assets	34,410.00	34,410.00	167,757.93	167,757.93	2,800,000.00	2,800,000.00	12,026,744.60	12,026,744.60	-	-
Productive living assets	20,069,872.36	20,069,872.36	13,729,482.49	13,729,482.49	-	-	-	-	-	-
Liabilities:	56,449,365.74	56,449,365.74	48,346,108.75	48,346,108.75	4,606,318.80	4,606,318.80	48,582,850.30	48,582,850.30	101,398.07	101,398.07
Accounts payable	5,813,144.91	5,813,144.91	8,949,284.02	8,949,284.02	64,800.00	64,800.00	1,035,588.06	1,035,588.06	-	-
Advances from customers	-	-	-	-	-	-	37,916.00	37,916.00	-	-
Payroll payable	287,413.99	287,413.99	274,171.65	274,171.65	-	-	1,105,911.31	1,105,911.31	-	-
Taxes payable	25,246.95	25,246.95	10,430.60	10,430.60	-	-	-	-	-	-
Other payables	47,182,883.64	47,182,883.64	37,515,655.30	37,515,655.30	4,541,518.80	4,541,518.80	3,468,299.37	3,468,299.37	89,800.05	89,800.05
Other current liabilities	2,233,044.33	2,233,044.33	1,596,567.18	1,596,567.18	-	-	3,461,085.36	3,461,085.36	11,598.02	11,598.02
Deferred income	907,631.92	907,631.92	-	-	-	-	-	-	-	-
Long-term payables	-	-	-	-	-	-	39,474,050.20	39,474,050.20	-	-
Net asset value	179,097,196.00	169,838,861.81	19,811,938.22	9,361,626.43	-716,106.77	-716,106.77	19,177,918.74	19,177,918.74	431,186.36	431,186.36

Item	Feicheng Heruifeng		Weifang Xuheng		Jianong Lianyungang		Xinjiang Ruiliheng		Kembang Subur International	
	Fair value at acquisition date	Carrying value at acquisition date	Fair value at acquisition date	Carrying value at acquisition date	Fair value at acquisition date	Carrying value at acquisition date	Fair value at acquisition date	Carrying value at acquisition date	Fair value at acquisition date	Carrying value at acquisition date
Less: Non-controlling interests	35,819,439.20	33,967,772.36	-	-	-128,899.22	-128,899.22	9,588,959.37	9,588,959.37	-	-
Net asset value obtained	143,277,756.80	135,871,089.45	19,811,938.22	9,361,626.43	-587,207.55	-587,207.55	9,588,959.37	9,588,959.37	431,186.36	431,186.36

Note: The fair value of identifiable assets and liabilities was determined at the audited or appraised value approved by both the acquirer and the acquiree.

(II) Disposal of Subsidiaries

1. Loss of Control over Subsidiary in Single Disposal

Subsidiary	Price for equity disposal	% equity disposed	Way of equity disposal	Date of loss of control	Determination basis for date of loss of control	Difference between the price for equity disposal and the Company's share of subsidiary's net assets in consolidated
Changzhou Gude (note)	2,238,220.00	62%	Sale	2018-6-28	Date when payment for equity transfer was received	-647,232.38

(Continued)

Subsidiary	% equity held in subsidiary at date of loss of control	Carrying value of remnant equity in subsidiary at date of loss of control	Fair value of remnant equity in subsidiary at date of loss of control	Gain/loss arising from remeasurement of remnant equity at fair value	Determination approach of fair value of remnant equity at date of loss of control and main assumptions made	Other comprehensive income associated with original equity investment in subsidiary reclassified into return on investment
Changzhou Gude (note)	-	-	-	-	-	-

Note: On 16 March 2018, Haid Group signed an equity transfer agreement with Yaosheng Chen, Hongxia Peng and Jianqing Jiang (all natural persons), transferring its 62% stake in Changzhou Gude to the latter (55% to Yaosheng Chen, 4% to Hongxia Peng and 3% to Jianqing Jiang). The transfer was completed when Haid Group received the payment for the transfer on 28 June 2018. As such, Changzhou Gude has been deconsolidated since 30 June 2018.

(III) Changes in Consolidation Scope due to Other Reasons

1. New Subsidiaries Incorporated in Current Period

Subsidiary (abbr.)	Time of incorporation	Registered capital	Place of registration	Principal place of business
Zhenjiang Yitun	January 2018	RMB 68 million	Shaoguan, Guangdong Province, China	Shaoguan, Guangdong Province, China
Shandong Yitun	April 2018	RMB 50 million	Yantai, Shandong Province, China	Yantai, Shandong Province, China
Qinzhou Yitun	May 2018	RMB 10 million	Qinzhou, Guangxi Zhuang Autonomous Region, China	Qinzhou, Guangxi Zhuang Autonomous Region, China
Guiding Yitun	August 2018	RMB 10 million	Guiding, Guizhou Province, China	Guiding, Guizhou Province, China
Binyang Heji Yitun	October 2018	RMB 10 million	Nanning, Guangxi Zhuang Autonomous Region, China	Nanning, Guangxi Zhuang Autonomous Region, China
Shaoyang Yitun	December 2018	RMB 10 million	Shaoyang, Hunan Province, China	Shaoyang, Hunan Province, China
Maoming Haihang	May 2018	RMB 5 million	Maoming, Guangdong Province, China	Maoming, Guangdong Province, China
Gansu Haid	August 2018	RMB 5 million	Lanzhou, Gansu Province, China	Lanzhou, Gansu Province, China
Weinan Haid	September 2018	RMB 5 million	Weinan, Shaanxi Province, China	Weinan, Shaanxi Province, China
Qingyuan Hailong	November 2018	RMB 5 million	Qingyuan, Guangdong Province, China	Qingyuan, Guangdong Province, China
Haida Surabaya	January 2018	USD 1 million	Indonesia	Indonesia
Jinzhou Zhengyuan	June 2018	RMB 20 million	Jinzhou, Liaoning Province, China	Jinzhou, Liaoning Province, China
Yingkou Fengmu	June 2018	RMB 20 million	Yingkou, Liaoning Province, China	Yingkou, Liaoning Province, China
Guangzhou Haiyou	January 2018	RMB 10 million	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China
Ningbo Fengmu	December 2018	RMB 20 million	Ningbo, Zhejiang Province, China	Ningbo, Zhejiang Province, China
Vinh Long Hai Dai	September 2018	USD 4 million	Vietnam	Vietnam
Changzhou Hairong	June 2018	RMB 5 million	Changzhou, Jiangsu Province, China	Changzhou, Jiangsu Province, China
Jining Fengcheng	June 2018	RMB 3 million	Jining, Shandong Province, China	Jining, Shandong Province, China
Dong'e Dingxin	September 2018	RMB 1 million	Dong'e, Shandong Province, China	Dong'e, Shandong Province, China
Heze Haiding Farming	December 2018	RMB 5 million	Heze, Shandong Province, China	Heze, Shandong Province, China
Qingyuan Hainong	October 2018	RMB 5 million	Qingyuan, Guangdong Province, China	Qingyuan, Guangdong Province, China
Yichang Zhihai	January 2018	RMB 20 million	Yichang, Hubei Province, China	Yichang, Hubei Province, China

Subsidiary (abbr.)	Time of incorporation	Registered capital	Place of registration	Principal place of business
Meishan Zhihai	August 2018	RMB 2 million	Meishan, Sichuan Province, China	Meishan, Sichuan Province, China
Liaocheng Daxin	February 2018	RMB 5 million	Liaocheng, Shandong Province, China	Liaocheng, Shandong Province, China
Nanning Haid	January 2018	RMB 5 million	Nanning, Guangxi Zhuang Autonomous Region, China	Nanning, Guangxi Zhuang Autonomous Region, China
Ganzhou Hailong	March 2018	RMB 5 million	Ganzhou, Jiangxi Province, China	Ganzhou, Jiangxi Province, China
Yancheng Dachuan	March 2018	RMB 20 million	Yancheng, Jiangsu Province, China	Yancheng, Jiangsu Province, China
Guangdong Mutai	May 2018	RMB 10 million	Qingyuan, Guangdong Province, China	Qingyuan, Guangdong Province, China
Guangzhou Haiyuan Micro-Credit	July 2018	RMB 500 million	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China
Guangdong Haid Biological Technology	August 2018	RMB 50 million	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China
Jiangmen Rongchuan	August 2018	RMB 5 million	Jiangmen, Guangdong Province, China	Jiangmen, Guangdong Province, China
Chongqing Zhihai	September 2018	RMB 5 million	Kaizhou, Chongqing Municipality, China	Kaizhou, Chongqing Municipality, China
Meizhou Haid	October 2018	RMB 5 million	Meizhou, Guangdong Province, China	Meizhou, Guangdong Province, China
Yicheng Haid	November 2018	RMB 10 million	Xiangyang, Hubei Province, China	Xiangyang, Hubei Province, China
Heshan Ronghai	December 2018	RMB 2 million	Jiangmen, Guangdong Province, China	Jiangmen, Guangdong Province, China
Hexian Haid	December 2018	RMB 30 million	Ma'anshan, Anhui Province, China	Ma'anshan, Anhui Province, China
Sheng Long Aqua Malaysia	December 2018	MYR 2	Malaysia	Malaysia

2. Subsidiaries Deregistered in Current Period

No subsidiaries were deregistered in the Reporting Period.

VII Interests in Other Entities

(I) Interests in Subsidiaries

1. Composition of the Group

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Guangzhou Runchuan	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Investment	100		In a business combination involving enterprises under common control
Guangzhou Yitun	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Investment		100	Incorporated
Enping Fengwo	Enping, Guangdong Province, China	Enping, Guangdong Province, China	Production and Sale		92	Incorporated
Yangxi Fengwo	Yangxi, Guangdong Province, China	Yangxi, Guangdong Province, China	Production and Sale		98	Incorporated
Yangdong Fengwo	Yangdong, Guangdong Province, China	Yangdong, Guangdong Province, China	Production and Sale		90	Incorporated
Enping Yitun	Enping, Guangdong Province, China	Enping, Guangdong Province, China	Production and Sale		98	Incorporated
Gaozhou Sanhe	Gaozhou, Guangdong Province, China	Gaozhou, Guangdong Province, China	Production and Sale		100	In a business combination involving enterprises not under common control
Yingde Yitun (note 2)	Yingde, Guangdong Province, China	Yingde, Guangdong Province, China	Production and Sale		90	Incorporated
Hunan Yitun	Yueyang, Hunan Province, China	Yueyang, Hunan Province, China	Production and Sale		86	Incorporated

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Hengyang Jisheng	Hengyang, Hunan Province, China	Hengyang, Hunan Province, China	Production and Sale		100	In a business combination involving enterprises not under common control
Yueyang Yitun	Yueyang, Hunan Province, China	Yueyang, Hunan Province, China	Production and Sale		92	Incorporated
Sihui Yitun	Sihui, Guangdong Province, China	Sihui, Guangdong Province, China	Production and Sale		100	Incorporated
Qintang Yitun (note 1)	Guigang, Guangxi Province, China	Guigang, Guangxi Province, China	Production and Sale		100	Incorporated
Pingnan Yitun	Pingnan, Guangxi Province, China	Pingnan, Guangxi Province, China	Production and Sale		100	Incorporated
Pingguo Yitun	Pingguo, Guangxi Province, China	Pingguo, Guangxi Province, China	Production and Sale		100	Incorporated
Guiping Yitun	Guiping, Guangxi Province, China	Guiping, Guangxi Province, China	Production and Sale		100	Incorporated
Hengyang Yitun	Hengyang, Hunan Province, China	Hengyang, Hunan Province, China	Production and Sale		100	Incorporated
Hengshan Yitun	Hengyang, Hunan Province, China	Hengyang, Hunan Province, China	Production and Sale		100	Incorporated
Gangbei Yitun	Guigang, Guangxi Province, China	Guigang, Guangxi Province, China	Production and Sale		100	Incorporated

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Duyun Yitun	Duyun, Guizhou Province, China	Duyun, Guizhou Province, China	Production and Sale		100	Incorporated
Rongjiang Yitun	Rongjiang, Guizhou Province, China	Rongjiang, Guizhou Province, China	Production and Sale		100	Incorporated
Binyang Yitun	Binyang, Guangxi Province, China	Binyang, Guangxi Province, China	Production and Sale		100	Incorporated
Yicheng Yitun	Yicheng, Hubei Province, China	Yicheng, Hubei Province, China	Production and Sale		100	Incorporated
Zixing Yitun	Chenzhou, Hunan Province, China	Chenzhou, Hunan Province, China	Production and Sale		100	Incorporated
Changning Yitun	Hengyang, Hunan Province, China	Hengyang, Hunan Province, China	Production and Sale		100	Incorporated
Guigang Donghuang	Guigang, Guangxi Province, China	Guigang, Guangxi Province, China	Production and Sale		100	In a business combination involving enterprises not under common control
Zhenjiang Yitun	Shaoguan, Guangdong Province, China	Shaoguan, Guangdong Province, China	Production and Sale		100	Incorporated
Shandong Yitun	Yantai, Shandong Province, China	Yantai, Shandong Province, China	Production and Sale		60	Incorporated
Yantai Zhizhuren	Yantai, Shandong Province, China	Yantai, Shandong Province, China	Production and Sale		100	In a business combination involving enterprises not under common control

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Laizhou Zhizhuren	Yantai, Shandong Province, China	Yantai, Shandong Province, China	Production and Sale		100	In a business combination involving enterprises not under common control
Qinzhou Yitun	Qinzhou, Guangxi Zhuang Autonomous Region, China	Qinzhou, Guangxi Zhuang Autonomous Region, China	Production and Sale		100	Incorporated
Feicheng Heruifeng	Tai'an, Shandong Province, China	Tai'an, Shandong Province, China	Production and Sale		80	In a business combination involving enterprises not under common control
Weifang Xuheng	Weifang, Shandong Province, China	Weifang, Shandong Province, China	Production and Sale		100	In a business combination involving enterprises not under common control
Linyi Yitun	Linyi, Shandong Province, China	Linyi, Shandong Province, China	Production and Sale		100	In a business combination involving enterprises not under common control
Zoucheng Mulian Zhongxing	Jining, Shandong Province, China	Jining, Shandong Province, China	Production and Sale		100	In a business combination involving enterprises not under common control
Jianong Lianyungang	Lianyungang, Jiangsu Province, China	Lianyungang, Jiangsu Province, China	Production and Sale		82	In a business combination involving enterprises not under common control
Guiding Yitun	Guiding, Guizhou Province, China	Guiding, Guizhou Province, China	Production and Sale		100	Incorporated

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Binyang Heji Yitun	Nanning, Guangxi Zhuang Autonomous Region, China	Nanning, Guangxi Zhuang Autonomous Region, China	Production and Sale		100	Incorporated
Shaoyang Yitun	Shaoyang, Hunan Province, China	Shaoyang, Hunan Province, China	Production and Sale		100	Incorporated
Guangzhou Haiwei	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Production and Sale	100		In a business combination involving enterprises under common control
Guangzhou Rongchuan	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Sale	100		In a business combination involving enterprises under common control
Foshan Haihang	Foshan, Guangdong Province, China	Foshan, Guangdong Province, China	Production and Sale	87.5		In a business combination involving enterprises not under common control
Maiming Haihang	Maiming, Guangdong Province, China	Maiming, Guangdong Province, China	Production and Sale		100	Incorporated
Guangzhou Dachuan	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Production and Sale	100		In a business combination involving enterprises under common control
Hubei Haid	Wuhan, Hubei Province, China	Wuhan, Hubei Province, China	Production and Sale	100		In a business combination involving enterprises under common control
Guangdong Hinter	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Production and Sale	97	3	Incorporated

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Guangzhou Haishengyuan	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Production and Sale		100	Incorporated
Guangzhou Mutai	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Sale		100	Incorporated
Guangzhou Haiyiyuan	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Sale		100	Incorporated
Shaanxi Haid	Yangling, Shaanxi Province, China	Yangling, Shaanxi Province, China	Production and Sale	67		Incorporated
Lanzhou Haid	Lanzhou, Gansu Province, China	Lanzhou, Gansu Province, China	Production and Sale		100	Incorporated
Yangling Haid	Yangling, Shaanxi Province, China	Yangling, Shaanxi Province, China	Production and Sale		100	Incorporated
Gansu Haid	Lanzhou, Gansu Province, China	Lanzhou, Gansu Province, China	Production and Sale		100	Incorporated
Weinan Haid	Weinan, Shaanxi Province, China	Weinan, Shaanxi Province, China	Production and Sale		100	Incorporated
Hunan Haid	Changde, Hunan Province, China	Changde, Hunan Province, China	Production and Sale	100		Incorporated
Guangzhou Haihe	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Sale	100		Incorporated

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Liaocheng Haixin	Liaocheng, Shandong Province, China	Liaocheng, Shandong Province, China	Management consulting		100	Incorporated
Zoucheng Haiyue	Zoucheng, Shandong Province, China	Zoucheng, Shandong Province, China	Management consulting		100	Incorporated
Yinan Haiyue	Yinan, Shandong Province, China	Yinan, Shandong Province, China	Management consulting		100	Incorporated
Anyang Haiyue	Tangyin, Henan Province, China	Tangyin, Henan Province, China	Management consulting		100	Incorporated
Foshan Haipu	Foshan, Guangdong Province, China	Foshan, Guangdong Province, China	Sale	87.5		Incorporated
Qingyuan Haibei	Qingyuan, Guangdong Province, China	Qingyuan, Guangdong Province, China	Production and Sale	100		Incorporated
Qingyuan Hailong	Qingyuan, Guangdong Province, China	Qingyuan, Guangdong Province, China	Production and Sale		100	Incorporated
Zhanjiang Haid	Zhanjiang, Guangdong Province, China	Zhanjiang, Guangdong Province, China	Production and Sale	100		Incorporated
Jiangmen Haid	Jiangmen, Guangdong Province, China	Jiangmen, Guangdong Province, China	Production and Sale	100		Incorporated
Chengdu Haid	Xinjin, Sichuan Province, China	Xinjin, Sichuan Province, China	Production and Sale	100		Incorporated

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Taizhou Haid	Xinghua, Jiangsu Province, China	Xinghua, Jiangsu Province, China	Production and Sale	100		Incorporated
Jingzhou Haid	Jingzhou, Hubei Province, China	Jingzhou, Hubei Province, China	Production and Sale	100		Incorporated
Ezhou Haid	Ezhou, Hubei Province, China	Ezhou, Hubei Province, China	Production and Sale		100	Incorporated
Dongguan Haid	Dongguan, Guangdong Province, China	Dongguan, Guangdong Province, China	Production and Sale	100		In a business combination involving enterprises not under common control
Fujian Haid	Changtai, Fujian Province, China	Changtai, Fujian Province, China	Production and Sale	100		Incorporated
Zhejiang Haid	Shaoxing, Zhejiang Province, China	Shaoxing, Zhejiang Province, China	Production and Sale	100		Incorporated
Shaoxing Haid	Shaoxing, Zhejiang Province, China	Shaoxing, Zhejiang Province, China	Production and Sale		100	Incorporated
Guangxi Haid	Qinzhou, Guangxi Zhuang Autonomous Region, China	Qinzhou, Guangxi Zhuang Autonomous Region, China	Production and Sale	100		Incorporated
Kinghill Holdings	Singapore	Singapore	Investment	100		Incorporated
Kinghill Pte.	Singapore	Singapore	Investment		100	Incorporated
Kinghill Resources	Singapore	Singapore	Investment		100	Incorporated
Kinghill Agri	Singapore	Singapore	Investment		100	Incorporated
Haida Indonesia	Indonesia	Indonesia	Production and Sale		100	Incorporated

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Haida Surabaya	Indonesia	Indonesia	Production and Sale		100	Incorporated
Jiangxi Haid	Nanchang, Jiangxi Province, China	Nanchang, Jiangxi Province, China	Production and Sale	100		Incorporated
Guangzhou Haid	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Trading	100		In a business combination involving enterprises not under common control
Guangdong Hisenor	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Production and Sale		70	Incorporated
Zhanjiang Hisenor	Zhanjiang, Guangdong Province, China	Zhanjiang, Guangdong Province, China	Production and Sale		100	In a business combination involving enterprises not under common control
Hainan Hisenor	Wenchang, Hainan Province, China	Wenchang, Hainan Province, China	Production and Sale		100	Incorporated
Rongcheng Rongchuan (note 4)	Rongcheng, Shandong Province, China	Rongcheng, Shandong Province, China	Production and Sale		100	Incorporated
Rongcheng Yandunjiao	Weihai, Shandong Province, China	Weihai, Shandong Province, China	Production and Sale		51	In a business combination involving enterprises not under common control
Fujian HaidSun	Nanping, Fujian Province, China	Nanping, Fujian Province, China	Production and Sale		50	Incorporated
Pucheng HaidSun	Pucheng, Fujian Province, China	Pucheng, Fujian Province, China	Production and Sale		50	Incorporated

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Xiyu Haihua	Urumqi, Xinjiang Autonomous Region, China	Urumqi, Xinjiang Autonomous Region, China	Trading		51	Incorporated
Guangzhou Youju	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Trading		51	Incorporated
Jinzhou Zhengyuan	Jinzhou, Liaoning Province, China	Jinzhou, Liaoning Province, China	Trading		100	Incorporated
Yingkou Fengmu	Yingkou, Liaoning Province, China	Yingkou, Liaoning Province, China	Trading		100	Incorporated
Guangzhou Haiyou	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Trading		100	Incorporated
Xinjiang Ruiliheng	Alaer, Xinjiang, China	Alaer, Xinjiang, China	Production and Sale		50	In a business combination involving enterprises not under common control
Ningbo Fengmu	Ningbo, Zhejiang Province, China	Ningbo, Zhejiang Province, China	Trading		100	Incorporated
Maoming Hailong	Maoming, Guangdong Province, China	Maoming, Guangdong Province, China	Production and Sale	100		Incorporated
Nanchang Haid	Nanchang, Jiangxi Province, China	Nanchang, Jiangxi Province, China	Production and Sale	100		Incorporated
Zhuhai Rongchuan	Zhuhai, Guangdong Province, China	Zhuhai, Guangdong Province, China	Production and Sale	100		Incorporated

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Jieyang Haid	Jieyang, Guangdong Province, China	Jieyang, Guangdong Province, China	Production and Sale		100	Incorporated
Sanshuifanling	Foshan, Guangdong Province, China	Foshan, Guangdong Province, China	Production and Sale	100		In a business combination involving enterprises not under common control
Dalian Rongchuan	Dalian, Liaoning Province, China	Dalian, Liaoning Province, China	Trading	100		In a business combination involving enterprises not under common control
Haid International	Hong Kong	British Virgin Islands	Trading	100		Incorporated
Haida HK	Hong Kong	Hong Kong	Investment		100	Incorporated
Rickworth	Hong Kong	British Virgin Islands	Investment		100	Incorporated
Hong Kong Longreat	Hong Kong	Hong Kong	Trading		100	Incorporated
Dong Nai Haid	Dong Nai, Vietnam	Vietnam	Production and Sale		100	Incorporated
Dancl	Hong Kong	Hong Kong	Trading		100	Incorporated
Panasia Trading	Hong Kong	British Virgin Islands	Investment		80	In a business combination involving enterprises not under common control
Sheng Long International	Hong Kong	British Virgin Islands	Investment		100	In a business combination involving enterprises not under common control
Sheng Long Bio-Tech	Long An, Vietnam	Long An, Vietnam	Production and Sale		100	In a business combination involving enterprises not under common control

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Long Sheng International	Khanh Hoa, Vietnam	Khanh Hoa, Vietnam	Production and Sale		100	In a business combination involving enterprises not under common control
Hisenor International	Hong Kong	British Virgin Islands	Production and Sale		100	Incorporated
Hisenor Vietnam	Ninh Thuan, Vietnam	Ninh Thuan, Vietnam	Production and Sale		100	In a business combination involving enterprises not under common control
Kembang Subur International	Malaysia	Malaysia	Investment		100	In a business combination involving enterprises not under common control
Namduong Vietnam	Vietnam	Vietnam	Production and Sale		100	In a business combination involving enterprises not under common control
Sheng Long Malaysia	Malaysia	Malaysia	Trading		100	Incorporated
Sheng Long Aqua Malaysia	Malaysia	Malaysia	Production and Sale		100	Incorporated
Nano	Hong Kong	British Virgin Islands	Investment		100	Incorporated
Oceanic	Hong Kong	British Virgin Islands	Investment		100	Incorporated
Power Spring	Hong Kong	British Virgin Islands	Investment		100	Incorporated
Link	Hong Kong	British Virgin Islands	Investment		100	Incorporated
Changzhou Haid	Liyang, Jiangsu Province, China	Liyang, Jiangsu Province, China	Production and Sale	100		Incorporated

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Hainan Haiwei	Chengmai, Hainan Province, China	Chengmai, Hainan Province, China	Production and Sale	100		Incorporated
Tianjin Haid	Tianjin, China	Tianjin, China	Production and Sale	97	3	Incorporated
A&T Xinhui	Jiangmen, Guangdong Province, China	Jiangmen, Guangdong Province, China	Production and Sale	80		In a business combination involving enterprises not under common control
Tianmen Haid	Tianmen, Hubei Province, China	Tianmen, Hubei Province, China	Production and Sale	100		Incorporated
Zhuhai Hailong	Zhuhai, Guangdong Province, China	Zhuhai, Guangdong Province, China	Production and Sale	100		Incorporated
Yangjiang Haid	Yangjiang, Guangdong Province, China	Yangjiang, Guangdong Province, China	Production and Sale	100		Incorporated
Guigang Haid	Guigang, Guangxi Province, China	Guigang, Guangxi Province, China	Production and Sale	100		Incorporated
Yiyang Haid	Yiyang, Hunan Province, China	Yiyang, Hunan Province, China	Production and Sale	99	1	Incorporated
Nantong Haid	Nantong, Jiangsu Province, China	Nantong, Jiangsu Province, China	Production and Sale	100		Incorporated
Yunnan Haid	Kunming, Yunnan Province, China	Kunming, Yunnan Province, China	Production and Sale	100		Incorporated

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Guangzhou Hailong	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Production and Sale	60		Incorporated
Zhaoqing Haid	Gaoyao, Guangdong Province, China	Gaoyao, Guangdong Province, China	Production and Sale	60		Incorporated
Wuhan Aquaera	Ezhou, Hubei Province, China	Ezhou, Hubei Province, China	Production and Sale	100		Incorporated
Shenzhen Longreat	Shenzhen, Guangdong Province, China	Shenzhen, Guangdong Province, China	Trading	70		Incorporated
Lanking	Singapore	Singapore	Trading	100		Incorporated
Lanking America	The U.S.	The U.S.	Trading		100	Incorporated
Lanking Nemo	Singapore	Singapore	Investment		80	Incorporated
Sheng Long India	India	India	Investment		100	Incorporated
Lanking Rickworth	Singapore	Singapore	Investment		100	Incorporated
Lanking Nano	Singapore	Singapore	Investment		100	Incorporated
Hai Duong Haid	Hai Duong, Vietnam	Vietnam	Production and Sale		100	Incorporated
Hai Dai Company Limited	Vietnam	Vietnam	Production and Sale		100	Incorporated
Vinh Long Hai Dai	Vietnam	Vietnam	Production and Sale		100	Incorporated
Dongting Haid	Dongting, Hunan Province, China	Dongting, Hunan Province, China	Production and Sale	100		Incorporated
Zhangzhou Haid	Zhangzhou, Fujian Province, China	Zhangzhou, Fujian Province, China	Production and Sale	60		Incorporated

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Anhui Haid	Chizhou, Anhui Province, China	Chizhou, Anhui Province, China	Production and Sale	100		Incorporated
Xiangtan Haid	Xiangtan, Hunan Province, China	Xiangtan, Hunan Province, China	Production and Sale	100		Incorporated
Changsheng Logistics	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Transport service and trading	100		Incorporated
Guangzhou Cangyouliang	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Trading		100	Incorporated
Guangzhou Zhongcangsheng	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Trading		51	Incorporated
Guangzhou Danong	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Investment	100		Incorporated
Dingtao Hairong	Dingtao, Shandong Province, China	Dingtao, Shandong Province, China	Management consulting		90.01	Incorporated
Chengnan Hairong	Jingzhou, Hubei Province, China	Jingzhou, Hubei Province, China	Management consulting		90	Incorporated
Guigang Hairong	Guigang, Guangxi Province, China	Guigang, Guangxi Province, China	Management consulting		90	Incorporated
Zhangzhou Hairong	Zhangzhou, Fujian Province, China	Zhangzhou, Fujian Province, China	Management consulting		90	Incorporated

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Changzhou Hairong	Changzhou, Jiangsu Province, China	Changzhou, Jiangsu Province, China	Management consulting		90	Incorporated
Guangzhou Haifengchang	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Investment	100		Incorporated
Wuhan Zeyi	Wuhan, Hubei Province, China	Wuhan, Hubei Province, China	Investment	100		Incorporated
Shandong Haiding	Heze, Shandong Province, China	Heze, Shandong Province, China	Production and Sale	55		Incorporated
Suixian Haiding	Shangqiu, Henan Province, China	Shangqiu, Henan Province, China	Production and Sale		41	Incorporated
Yuncheng Haiding	Heze, Shandong Province, China	Heze, Shandong Province, China	Production and Sale		50	Incorporated
Heze Haiding Commercial & Trading	Heze, Shandong Province, China	Heze, Shandong Province, China	Trading		100	Incorporated
Dingtao Haiding	Heze, Shandong Province, China	Heze, Shandong Province, China	Production and Sale		100	Incorporated
Liaocheng Haiding	Liaocheng, Shandong Province, China	Liaocheng, Shandong Province, China	Production and Sale		100	Incorporated
Shanxian Haiding	Shanxian, Shandong Province, China	Shanxian, Shandong Province, China	Production and Sale		92	Incorporated

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Xinxiang Haiding	Xinxiang, Henan Province, China	Xinxiang, Henan Province, China	Production and Sale		100	Incorporated
Xinxiang Hairuida	Xinxiang, Henan Province, China	Xinxiang, Henan Province, China	Production and Sale		100	Incorporated
Heze Haiding Feed	Heze, Shandong Province, China	Heze, Shandong Province, China	Production and Sale		100	Incorporated
Jining Haiding	Zoucheng, Shandong Province, China	Zoucheng, Shandong Province, China	Production and Sale		90	Incorporated
Feixian Hairuida	Linyi, Shandong Province, China	Linyi, Shandong Province, China	Production and Sale		100	Incorporated
Yinan Haiding	Linyi, Shandong Province, China	Linyi, Shandong Province, China	Production and Sale		100	Incorporated
Liaocheng Food	Donge, Shandong Province, China	Donge, Shandong Province, China	Production and Sale		100	Incorporated
Qufu Haiding	Qufu, Shandong Province, China	Qufu, Shandong Province, China	Sale		92	Incorporated
Tengzhou Fengcheng	Zaozhuang, Shandong Province, China	Zaozhuang, Shandong Province, China	Production and Sale		100	Incorporated
Binzhou Haiding	Binzhou, Shandong Province, China	Binzhou, Shandong Province, China	Sale		100	Incorporated

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Jining Fengcheng	Jining, Shandong Province, China	Jining, Shandong Province, China	Production and Sale		100	Incorporated
Dong'e Dingxin	Dong'e, Shandong Province, China	Dong'e, Shandong Province, China	Production and Sale		51	Incorporated
Heze Haiding Farming	Heze, Shandong Province, China	Heze, Shandong Province, China	Production and Sale		100	Incorporated
Xishui Haid	Huanggang, Hubei Province, China	Huanggang, Hubei Province, China	Production and Sale	100		Incorporated
Yancheng Haid	Yancheng, Jiangsu Province, China	Yancheng, Jiangsu Province, China	Production and Sale	100		Incorporated
Honghu Haid	Honghu, Hubei Province, China	Honghu, Hubei Province, China	Production and Sale	100		Incorporated
Kaifeng Haid	Kaifeng, Henan Province, China	Kaifeng, Henan Province, China	Production and Sale	100		In a business combination involving enterprises not under common control
Guangzhou Heshengtang Biotechnology	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Production and Sale	100		In a business combination involving enterprises not under common control
Guangzhou Heshengtang Pharmaceutical	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Production and Sale	100		In a business combination involving enterprises not under common control

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Haid Livestock Veterinary Research Institute	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Research and Trading	100		In a business combination involving enterprises not under common control
Henai Haihe	Luoyang, Henan Province, China	Luoyang, Henan Province, China	Production and Sale	67		Incorporated
Xuchang Haihe	Yuzhou, Henan Province, China	Yuzhou, Henan Province, China	Production and Sale		100	Incorporated
Anyang Haihe	Tangyin, Henan Province, China	Tangyin, Henan Province, China	Production and Sale		100	Incorporated
Jiyuan Haihe	Jiyuan, Henan Province, China	Jiyuan, Henan Province, China	Production and Sale		80	Incorporated
Suqian Haid	Siyang, Jiangsu Province, China	Siyang, Jiangsu Province, China	Production and Sale	100		Incorporated
Huaihua Haid	Huaihua, Hunan Province, China	Huaihua, Hunan Province, China	Production and Sale	100		Incorporated
Guangzhou Meinong	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Investment	100		Incorporated
Haid Ecuador	Ecuador	Ecuador	Production and Sale		85	Incorporated
Guangdong Hairuite (note 3)	Qingyuan, Guangdong Province, China	Qingyuan, Guangdong Province, China	Sale	100		Incorporated

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Guangzhou Haijian	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Investment	100		Incorporated
Nanhai Bairong	Foshan, Guangdong Province, China	Foshan, Guangdong Province, China	Production and Sale		100	In a business combination involving enterprises not under common control
Zhaoqing Bairong (note 4)	Zhaoqing, Guangdong Province, China	Zhaoqing, Guangdong Province, China	Production and Sale		100	Incorporated
Qingyuan Bairong	Qingyuan, Guangdong Province, China	Qingyuan, Guangdong Province, China	Production and Sale		100	In a business combination involving enterprises not under common control
Yangxin Bairong	Yangxin, Hubei Province, China	Yangxin, Hubei Province, China	Production and Sale		100	Incorporated
Jingzhou Bairong	Jingzhou, Hubei Province, China	Jingzhou, Hubei Province, China	Production and Sale		100	Incorporated
Hunan Innovation	Hengyang, Hunan Province, China	Hengyang, Hunan Province, China	Production and Sale	65		In a business combination involving enterprises not under common control
Guangzhou Haishengke	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Investment	100		Incorporated
Sichuan Hailinger	Chengdu, Sichuan Province, China	Chengdu, Sichuan Province, China	Production and Sale		67	In a business combination involving enterprises not under common control

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Sanming Haid	Sanming, Fujian Province, China	Sanming, Fujian Province, China	Production and Sale	100		Incorporated
Qingyuan Haid	Qingyuan, Guangdong Province, China	Qingyuan, Guangdong Province, China	Production and Sale	100		Incorporated
Qingyuan Hainong	Qingyuan, Guangdong Province, China	Qingyuan, Guangdong Province, China	Production and Sale		100	Incorporated
Xuancheng Haid	Xuancheng, Anhui Province, China	Xuancheng, Anhui Province, China	Production and Sale	100		Incorporated
Shunde Haid	Shunde, Guangdong Province, China	Shunde, Guangdong Province, China	Sale	100		Incorporated
Jiaxing Haid	Jiaxing, Zhejiang Province, China	Jiaxing, Zhejiang Province, China	Production and Sale	80		In a business combination involving enterprises not under common control
Shijiazhuang Weike	Jinzhou, Hebei Province, China	Jinzhou, Hebei Province, China	Production and Sale	70		In a business combination involving enterprises not under common control
Chongqing Haid	Chongqing, China	Chongqing, China	Production and Sale	100		Incorporated
Shenyang Haid	Shenyang, Liaoning Province, China	Shenyang, Liaoning Province, China	Production and Sale	85		Incorporated
Jiangsu Haihe	Xuzhou, Jiangsu Province, China	Xuzhou, Jiangsu Province, China	Production and Sale	67		Incorporated

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Xuzhou Haihe	Xuzhou, Jiangsu Province, China	Xuzhou, Jiangsu Province, China	Production and Sale		70	Incorporated
Lianyungang Haihe	Lianyungang, Jiangsu Province, China	Lianyungang, Jiangsu Province, China	Production and Sale		100	Incorporated
Xuzhou Haid	Xuzhou, Jiangsu Province, China	Xuzhou, Jiangsu Province, China	Production and Sale		100	Incorporated
Anshan Dachuan	Anshan, Liaoning Province, China	Anshan, Liaoning Province, China	Production and Sale	100		Incorporated
Guangzhou Haiyuan Factoring	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Factoring	100		Incorporated
Heze Hairong	Heze, Shandong Province, China	Heze, Shandong Province, China	Management consulting		20	Incorporated
Haid Pet	Weihai, Shandong Province, China	Weihai, Shandong Province, China	Production and Sale	100		Incorporated
Weihai Pet	Rongcheng, Shandong Province, China	Rongcheng, Shandong Province, China	Production and Sale		100	Incorporated
Qujing Zhihai	Qujing, Yunnan Province, China	Qujing, Yunnan Province, China	Production and Sale	100		Incorporated
Dali Haiwang	Dali, Yunnan Province, China	Dali, Yunnan Province, China	Production and Sale		70	Incorporated

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Yibin Zhihai (note 5)	Yibin, Sichuan Province, China	Yibin, Sichuan Province, China	Production and Sale	100		Incorporated
Guiyang Zhihai	Guiyang, Guizhou Province, China	Guiyang, Guizhou Province, China	Production and Sale		70	Incorporated
Yichang Zhihai	Yichang, Hubei Province, China	Yichang, Hubei Province, China	Production and Sale		72	Incorporated
Meishan Zhihai	Meishan, Sichuan Province, China	Meishan, Sichuan Province, China	Production and Sale		83	Incorporated
Ganzhou Haid	Ganzhou, Jiangxi Province, China	Ganzhou, Jiangxi Province, China	Production and Sale	60		Incorporated
Foshan Haid	Foshan, Guangdong Province, China	Foshan, Guangdong Province, China	Production and Sale	60		Incorporated
Guangzhou Zecan	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Investment	100		Incorporated
Guangzhou Punong	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Investment	100		Incorporated
Shandong Fengying	Qufu, Shandong Province, China	Qufu, Shandong Province, China	Production and Sale		66	Incorporated
Jiaxiang Haiying	Jining, Shandong Province, China	Jining, Shandong Province, China	Production and Sale		90	Incorporated

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Linxi Haiying	Xingtai, Hebei Province, China	Xingtai, Hebei Province, China	Slaughtering service		90	Incorporated
Guangzhou Yuannong	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Investment	100		Incorporated
Guangdong Haid Poverty Alleviation	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Commercial service	100		Incorporated
Liyang Jiuhe	Liyang, Jiangsu Province, China	Liyang, Jiangsu Province, China	Production and Sale	80		In a business combination involving enterprises not under common control
Shaoguan Haid	Shaoguan, Guangdong Province, China	Shaoguan, Guangdong Province, China	Production and Sale	100		Incorporated
Shandong Daxin	Qingdao, Shandong Province, China	Qingdao, Shandong Province, China	Production and Sale	60		In a business combination involving enterprises not under common control
Qingdao Daxin	Qingdao, Shandong Province, China	Qingdao, Shandong Province, China	Production and Sale		100	In a business combination involving enterprises not under common control
Qingdao Huaxin	Qingdao, Shandong Province, China	Qingdao, Shandong Province, China	Production and Sale		100	In a business combination involving enterprises not under common control
Weifang Daxin	Qingzhou, Shandong Province, China	Qingzhou, Shandong Province, China	Production and Sale		100	In a business combination involving enterprises not under common control

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Yantai Daxin	Yantai, Shandong Province, China	Yantai, Shandong Province, China	Production and Sale		100	In a business combination involving enterprises not under common control
Linyi Yihe	Tancheng, Shandong Province, China	Tancheng, Shandong Province, China	Production and Sale		100	In a business combination involving enterprises not under common control
Jiangsu Daxin	Huaiyin, Jiangsu Province, China	Huaiyin, Jiangsu Province, China	Production and Sale		100	In a business combination involving enterprises not under common control
Shandong Daxin Agriculture and Animal Husbandry	Weifang, Shandong Province, China	Weifang, Shandong Province, China	Production and Sale		100	In a business combination involving enterprises not under common control
Qingdao Zhizhuxia	Qingdao, Shandong Province, China	Qingdao, Shandong Province, China	Production and Sale		100	In a business combination involving enterprises not under common control
Liaocheng Daxin	Liaocheng, Shandong Province, China	Liaocheng, Shandong Province, China	Production and Sale		100	Incorporated
Huai'an Hailong	Huai'an, Jiangsu Province, China	Huai'an, Jiangsu Province, China	Production and Sale	100		Incorporated
Hunan Jinhuilong	Yueyang, Hunan Province, China	Yueyang, Hunan Province, China	Production and Sale	51		In a business combination involving enterprises not under common control

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Yueyang Jinhuilong	Yueyang, Hunan Province, China	Yueyang, Hunan Province, China	Production and Sale		65	In a business combination involving enterprises not under common control
Jiaozuo Jinhuilong	Jiaozuo, Henan Province, China	Jiaozuo, Henan Province, China	Production and Sale		65	In a business combination involving enterprises not under common control
Jiangsu Jinhuilong (note 6)	Huaian, Jiangsu Province, China	Huaian, Jiangsu Province, China	Production and Sale		76.7	In a business combination involving enterprises not under common control
Shijiazhuang Huilong	Shijiazhuang, Hebei Province, China	Shijiazhuang, Hebei Province, China	Production and Sale		65	In a business combination involving enterprises not under common control
Handan Huilong	Handan, Hebei Province, China	Handan, Hebei Province, China	Production and Sale		65	In a business combination involving enterprises not under common control
Fuzhou Haid	Fuzhou, Fujian Province, China	Fuzhou, Fujian Province, China	Production and Sale	100		Incorporated
Gaoyao Haid	Gaoyao, Zhaoqing, Guangdong Province, China	Gaoyao, Zhaoqing, Guangdong Province, China	Production and Sale	100		Incorporated
Nanning Haid	Nanning, Guangxi Zhuang Autonomous Region, China	Nanning, Guangxi Zhuang Autonomous Region, China	Production and Sale	100		Incorporated

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Ganzhou Hailong	Ganzhou, Jiangxi Province, China	Ganzhou, Jiangxi Province, China	Production and Sale	100		Incorporated
Yancheng Dachuan	Yancheng, Jiangsu Province, China	Yancheng, Jiangsu Province, China	Production and Sale	100		Incorporated
Guangdong Mutai	Qingyuan, Guangdong Province, China	Qingyuan, Guangdong Province, China	Production and Sale	100		Incorporated
Guangzhou Haiyuan Micro-Credit	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Micro-credit service	100		Incorporated
Guangdong Haid Biological Technology	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Production and Sale	100		Incorporated
Jiangmen Rongchuan	Jiangmen, Guangdong Province, China	Jiangmen, Guangdong Province, China	Production and Sale	100		Incorporated
Chongqing Zhihai	Kaizhou, Chongqing Municipality, China	Kaizhou, Chongqing Municipality, China	Production and Sale	80		Incorporated
Meizhou Haid	Meizhou, Guangdong Province, China	Meizhou, Guangdong Province, China	Production and Sale	100		Incorporated
Yicheng Haid	Xiangyang, Hubei Province, China	Xiangyang, Hubei Province, China	Production and Sale	100		Incorporated
Heshan Ronghai	Jiangmen, Guangdong Province, China	Jiangmen, Guangdong Province, China	Production and Sale	100		Incorporated

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Hexian Haid	Ma'anshan, Anhui Province, China	Ma'anshan, Anhui Province, China	Production and Sale	100		Incorporated

Note 1: For the subsidiary changes during the Reporting Period, see item VI of the Notes to Consolidated Financial Statements, (I), (II) and (III).

Note 2: Guangzhou Yitun previously held an 85.00% interest in Yingde Yitun. In February 2018, Guangzhou Yitun acquired, at the price of RMB 2.5 million, another 5.00% stake in Yingde Yitun from a non-controlling shareholder Qixin Pan (natural person). As such, Guangzhou Yitun's holding in Yingde Yitun increased to 90.00%.

Note 3: Haid Group previously held a 65.00% stake in Guangdong Hairuite. In November 2018, Haid Group acquired the other stakes in Guangdong Hairuite from non-controlling shareholders Donglin Wu, Yu Li and Fang Chang (natural persons). As such, Haid Group's holding in Guangdong Hairuite increased to 100.00%.

Note 4: Nanhai Bairong previously held a 51.00% stake in Zhaoqing Bairong. In January 2018, Nanhai Bairong acquired, at the price of RMB 490,000, the other stakes in Zhaoqing Bairong from non-controlling shareholders Yongming Gu and Guifeng Li (natural persons). As such, Nanhai Bairong's holding in Zhaoqing Bairong increased to 100.00%.

Note 5: Yibin Zhihai incorporated Yichang Zhihai in January 2018 with an interest of 90.00%. In September 2018, Yibin Zhihai transferred an 18.00% interest in Yichang Zhihai to a non-controlling shareholder, Daitai Li (natural person), for RMB 3.6 million. As such, Yibin Zhihai's interest in Yichang Zhihai decreased to 72.00%.

Note 6: Hunan Jinhuilong previously held a 70.00% interest in Jiangsu Jinhuilong. In October 2018, Hunan Jinhuilong acquired, at the price of RMB 1.22 million, another 6.70% stake in Jiangsu Jinhuilong from a non-controlling shareholder Yiguo Xiao (natural person). As such, Hunan Jinhuilong's holding in Jiangsu Jinhuilong increased to 76.70%.

2. Major Non-Wholly-Owned Subsidiaries

Subsidiary (abbr.)	Non-controlling interests (%)	Profit/Loss of Current Period attributable to non-controlling interests (RMB '0,000, or in RMB ten thousand)	Dividends declared for non-controlling interests for Current Period (RMB '0,000)	Closing balance of non-controlling interests (RMB '0,000)
Foshan Haihang	12.50	151.77	-	563.89
Panasia Trading	20.00	2,272.20	1,060.29	6,371.20
Shandong Haiding	45.00	862.17	391.93	2,862.03
Shandong Daxin	40.00	1,743.52	1,200.00	11,976.70

3. Key Financial Information of Major Non-Wholly-Owned Subsidiaries

Subsidiary (abbr.)	31 December 2018 (RMB '0,000)						31 December 2017 (RMB '0,000)					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Foshan Haihang	10,875.98	2,490.15	13,366.13	8,848.06	6.98	8,855.04	13,018.50	2,253.53	15,272.03	12,005.12	-	12,005.12
Panasia Trading	69,406.37	24,007.48	93,413.85	59,773.83	-	59,773.83	51,385.96	18,496.55	69,882.51	44,333.70	-	44,333.70
Shandong Haiding	31,603.15	19,698.81	51,301.96	45,864.53	393.87	46,258.40	43,466.10	17,607.82	61,073.92	56,753.23	391.93	57,145.16
Shandong Daxin	16,279.12	21,954.17	38,233.29	5,639.00	2,675.86	8,314.86	16,809.54	12,392.35	29,201.89	8,268.92	24.50	8,293.42

(Continued)

Subsidiary	2018 (RMB '0,000)	2017 (RMB '0,000)

(abbr.)	Sales revenue	Net income	Total comprehensive income	Net cash flows from operating activities	Sales revenue	Net income	Total comprehensive income	Net cash flows from operating activities
Foshan Haihang	105,383.72	1,214.12	1,214.12	458.30	85,150.76	922.37	922.37	3,128.46
Panasia Trading	182,474.23	11,361.02	11,361.02	10,438.44	151,700.22	10,101.75	10,110.26	977.07
Shandong Haiding	362,727.43	2,262.95	2,262.95	4,961.48	321,508.68	1,719.07	1,719.07	3,665.06
Shandong Daxin (note)	100,746.58	4,335.51	4,335.51	4,218.14	-	-	-	-

Note: Shandong Daxin was included into the consolidated financial statements starting from 31 December 2017, so it had no consolidated profit/loss or cash flows in 2017.

(II) Transactions Incurring Changes in Share of Owner's Equity in Subsidiaries but with Subsidiaries still under the Company's control

1. Changes in Share of Owner's Equity in Subsidiaries

See item VII in the Notes to Consolidated Financial Statements, (I), "1. Composition of the Group".

2. Effects of Such Transactions on Non-Controlling Interests and Equity Attributable to Shareholders of the Company in Subsidiaries

(1) Purchases of Partial Equity Interests in Subsidiaries

Item	Yingde Yitun	Guangdong Hairuite	Zhaoqing Bairong	Jiangsu Jinhuilong
Costs of purchase				
--Cash	2,500,000.00	350,000.00	490,000.00	1,220,000.00
--Fair value of non-cash assets	-	-	-	-
Total costs of purchase	2,500,000.00	350,000.00	490,000.00	1,220,000.00
Less: Share of subsidiaries' net assets relevant to equity interests purchased	2,300,793.50	-5,610,203.14	-304,132.57	1,065,304.14
Difference	199,206.50	5,960,203.14	794,132.57	154,695.86
Including: Adjustment to capital reserves	-199,206.50	-5,960,203.14	-794,132.57	-78,894.89

(2) Disposals of Partial Equity Interests/Business Operations in Subsidiaries

Item	Yichang Zhihai	Hai Duong Haid
Considerations for disposal		
--Cash	3,600,000.00	-
--Fair value of non-cash assets	-	-
Total considerations for disposal	3,600,000.00	-

Less: Share of subsidiaries' net assets relevant to equity interests disposed	2,959,814.38	-1,378,626.93
Difference	640,185.62	1,378,626.93
Including: Adjustment to capital reserves	640,185.62	1,378,626.93

(III) Interests in Associates

1. Financial Information of Insignificant Associates Combined

Item	31 December 2018/2018	31 December 2017/2017
Associates:		
Aggregated carrying value of investments	38,614,535.85	32,554,508.11
Aggregate of the following items calculated in proportion to shareholding		
--Net income	6,144,272.91	6,332,729.18
--Other comprehensive income	-	-
--Total comprehensive income	6,144,272.91	6,332,729.18

Note: The aggregate of net income was calculated based on associates' net income in proportion to the Company's shareholding percentages in those associates.

VIII Risks Associated with Financial Instruments

(I) Categories of Financial Instruments

1. Financial Assets

Item	31 December 2018	31 December 2017
Financial assets at fair value through profit or loss	49,672,592.73	9,601,140.00
Monetary assets, accounts receivable, etc.	3,344,270,978.89	2,691,215,695.62

Item	31 December 2018	31 December 2017
Available-for-sale financial assets	323,421,350.00	283,721,350.00
Loans and advances	157,600.00	-
Other current assets	437,948,950.00	-
Total	4,155,471,471.62	2,984,538,185.62

2. Financial Liabilities

Item	31 December 2018	31 December 2017
Financial liabilities measured at fair value	46,271,790.00	18,771,309.55
Other financial liabilities	6,527,173,525.45	4,087,425,205.71
Total	6,573,445,315.45	4,106,196,515.26

(II) Risk Analysis and Risk Management of Financial Instruments

In various daily activities, the Group may cope with various risks related to financial instruments, including Credit Risk, Liquidity Risk, Interest Rate Risk, Foreign Exchange Risk and Price Risk.

The Group's goal in risk management is to achieve a proper balance between risk and return, and strive to reduce the adverse impact of any financial instrument risk on the company's operations. Based on this risk management objective, the Group has established relevant risk management policies to identify and analyze the company's risks, appropriately set corresponding acceptable risk levels and established the internal control procedures to monitor the Group's risk level. In addition, the Group will regularly review these risk management policies and related internal control system to adapt to changes in market conditions or the company's operating activities, and the Group's internal audit department will regularly or randomly check whether the implementation of the internal control system complies with relevant risk management policies.

(1) Credit Risk

The Group's monetary capital other than cash is mainly deposited in financial institutions with good credit. The management believes that there is no significant credit risk and it is expected that no losses will be caused to the company due to default by the other party.

In terms of accounts receivable, the credit risk of such financial assets is mainly caused by the default of the counter-party, but the Group only trades with the well-recognized third parties of good reputation. In accordance with the Group's sales policy, all

customers who require transactions to be conducted in the form of credit are subject to corresponding credit reviews. In order to monitor the Group's credit risk, the Group analyzes and classifies the customers' arrears based on various factors including aging, maturity date and overdue days. As of 31 December 2018, the Group classified the accounts receivable based on risks and calculated and withdrew corresponding provisions for impairment.

(2) Liquidity Risk

The Group has established the internal control system related to cash management, regularly formulated rolling budgets for funds, carried out the real-time monitoring of short-term and long-term working capital requirement, and maintained the balance between the continuity and flexibility of financing by properly utilizing bank loans, business credit and other channels.

As of 31 December 2018, the aging of the Group's financial instruments was mainly within one year, and main products were feeds that were sold well. Therefore, there's no liquidity risk.

(3) Interest Rate Risk

The risk of changes in market interest rates faced by the Group during this year was mainly attributable to the Group's LC financing borrowings with floating interest rates. As the Group continued to monitor the level of interest rates in the market and made timely adjustments based on the latest market conditions, it reduced relevant risks arising from fluctuations in the interest rate.

The Group's interest-bearing debts under the floating rate contract and fixed rate contract are shown as follows:

Item	Nature	31 December 2018	31 December 2017
Floating rate contracts	Short-term	677,680,482.73	-
Floating rate contracts	Long-term	171,580,000.00	-
Fixed rate contracts	Short-term	2,038,274,384.96	2,303,898,763.70
Fixed rate contracts	Long-term	1,671,330,000.00	-
Total	—	4,558,864,867.69	2,303,898,763.70

Since the interest of the Group's interest-bearing debts was calculated based on the fixed interest rate, the impact of interest rate fluctuations on the company's production and operations was mitigated.

(4) Exchange Rate Risk

Exchange rate risk arises from financial instruments that are denominated in currencies other than the functional currency. The raw materials purchased and imported by the Group have achieved a certain scale, and the transaction amount of subsidiaries set up by the Group overseas with other currencies other than RMB as the bookkeeping currency has also increased. Therefore, fluctuations in RMB exchange rate have exerted certain impact on the company's business operations. As for the expected exchange rate risk, the

company's management has adopted proactive preventive measures including the favorable settlement method to control such risk within an acceptable range. Through conducting corresponding future foreign exchange settlement business and foreign exchange option portfolio business with banks, the company has successfully mitigated the impact of the foreign exchange rate fluctuations on the company's business operation.

As of 31 December 2018, the Company's foreign currency monetary items were mainly US dollars, Vietnamese dong, rupee, and ringgit financial assets and financial liabilities (See Notes V. 59. Foreign Currency Monetary Items for details). As other currencies are not frequently applied and the involved amount is relatively smaller, their exchange rate changes will not have a significant impact on the Company's operating activities.

(5) Price Risk

Price risk refers to the risk caused by changes in the price of derivatives or changes in value due to changes in the prices of underlying assets. The Company upholds the basic principle of serving spot goods -- the spot procurement program, and regards risk control as the core principle. Meanwhile, it will adopt one or more than one arbitrage tool for hedging to avoid the commodity price risk and credit risk etc., and changes in the fair value or cash flow of the arbitrage tool are expected to offset all or part of the changes in the fair value or cash flow of the hedged item, in which way, the impact of price fluctuations in raw materials and commodities on production and operations can thus be mitigated.

IX Disclosures of Fair Value

1. Closing Fair Value of Assets and Liabilities Measured at Fair Value

Item	Closing fair value			
	Level 1 of fair value measurement	Level 2 of fair value measurement	Level 3 of fair value measurement	Total
1. Measured at fair value on recurring basis				
(1) Trading financial assets	49,672,592.73	-	-	49,672,592.73
Including: Derivative financial assets	49,672,592.73	-	-	49,672,592.73
Total assets measured at fair value on recurring basis	49,672,592.73	-	-	49,672,592.73
(2) Trading financial liabilities	46,271,790.00	-	-	46,271,790.00
Including: Derivative financial liabilities	46,271,790.00	-	-	46,271,790.00
Total liabilities measured at fair value on recurring basis	46,271,790.00	-	-	46,271,790.00

2. Basis for Determination of Market Prices for Assets and Liabilities Measured at Fair Value on Recurring

Basis or Not on Recurring Basis at Level

The Company determined the closing fair value of its derivative financial assets and liabilities based on the quoted prices in active markets for identical assets or liabilities.

X Related Parties and Related-Party Transactions

1. Controlling Related Party

(1) Controlling Related Party

Name	Place of registration/address	Business scope	Registered capital	Percentage of shareholding in the Company	Percentage of voting rights in the Company
Guangzhou Haihao Investment Co., Ltd. (hereinafter referred to as "Guangzhou Haihao")	Guangzhou, Guangdong Province, China	Investment, trading, import and export of commodities	30 million	57.59%	57.59%

Note 1: Holding a 39.75% stake in Guangzhou Haihao, Mr. Hua Xue is the ultimate controller of the Group.

(2) Registered Capital of Controlling Related Party and Changes therein

Controlling related party	31 December 2017	Increase in Current Period	Decrease in Current Period	31 December 2018	Remark
Guangzhou Haihao	30,000,000.00	-	-	30,000,000.00	

(3)

Shareholding

of Controlling Related Party in the Company and Changes therein

Controlling related party	31 December 2017		Increase in Current Period	Decrease in Current Period	31 December 2018		Remark
	Shares	Percentage (%)			Shares	Percentage (%)	
Guangzhou Haihao	910,589,359.00	57.81	-	-	910,589,359.00	57.59	Note 1

Note 1: The decrease in Guangzhou Haihao's shareholding percentage in the Current Period was primarily caused by share-based payments. For further information, see item XI of the Notes to Consolidated Financial Statements herein.

2. Subsidiaries

See item VII, (I) of the Notes to Consolidated Financial Statements herein.

3. Joint Ventures and Associates

See item V, 12 and item VII, (III) of the Notes to Consolidated Financial Statements herein.

4. Other Related Parties

Related party	Relationship with the Company
Foshan Haihang Livestock and Aquaculture Specialized Cooperative	Subsidiary of an associate
Luoding Xingfa Xingji Agriculture and Animal Husbandry Development Co., Ltd.	Subsidiary of an associate
Hua Xue	Chairman of the Board and General Manager
Yingzhuo Xu	Director and Vice General Manager

5. Related-Party Transactions

(1) Related-Parties Transactions Arising from Purchase and Sale of Commodities, as well as from Receipt and Rendering of Services

Sale of commodities to related parties:

Related party	Commodity sold	2018	2017
Luoding Xingfa Xingji Agriculture and Animal Husbandry Development Co., Ltd.	Feed and animal healthcare products	4,858,198.65	-
Foshan Haihang Livestock and Aquaculture Specialized Cooperative	Feed and animal healthcare products	868,239.51	-
Foshan Haihang Xingfa Agriculture and Animal Husbandry Development Co., Ltd.	Feed	42,150,795.00	29,979,248.06

Purchase of commodities from related parties:

Related party	Commodity purchased	2018	2017
Guizhou Fuhai Chemicals Co., Ltd.	Raw materials	88,717,187.28	88,499,068.63

(2) Fiduciary Management Transactions or Contracting/Outsourcing Activities between the Company and Related Parties

No such cases during the Reporting Period.

(3) Leases with Related Parties

Lessor	Lessee	Type of leasehold asset	Starting date of lease	Ending date of lease	Rental income recognized in 2018	Rental income recognized in 2017
Guangdong Haid Group Co., Limited	Guangzhou Haihao Investment Co., Ltd.	Houses and buildings	2016-3-1	2018-12-31	51,428.57	51,428.57

Note: The price in the above lease with the related party was determined based on market prices upon mutual approval.

(4) Guarantees Provided for or by Related Parties

During the Reporting Period, neither the Group provided any guarantee for any related party, nor vice versa.

(5) Borrowings between the Group and Related Parties

No such cases during the Reporting Period.

(6) Asset Transfers and Debt Restructuring between the Group and Related Parties

No such cases during the Reporting Period.

(7) Key Management Compensation

Item	2018	2017
Key management compensation	14.4963 million	12.8891 million

(8) Other Related Transactions

No such cases during the Reporting Period.

6. Receivables from and Payables to Related Parties

(1) Receivables from Related Parties

Item	Related party	31 December 2018		31 December 2017	
		Carrying balance	Allowance for doubtful accounts	Carrying balance	Allowance for doubtful accounts
Prepayments	Guizhou Fuhai Chemicals Co., Ltd.	16,255.36	-	1,378,360.66	-

(2) Payables to Related Parties

Item	Related party	31 December 2018	31 December 2017
Accounts payable	Guizhou Fuhai Chemicals Co., Ltd.	3,453,111.97	3,458,083.55
Advances from customers	Foshan Haihang Xingfa Agriculture and Animal Husbandry Development Co., Ltd.	369,855.46	870,650.46
Other payables	Hua Xue	-	150,000.00
Other payables	Yingzhuo Xu	-	100,000.00

XI Share-Based Payments

1. Total Share-Based Payments

Total equity instruments granted by the Company in Current Period (share)	0.00
Total equity instruments exercised in Current Period (share)	3,517,950.00
Total equity instruments invalidated in Current Period (share)	1,965,320.00
Exercise price range and contractual residual maturity of closing outstanding share options	Exercise price range: RMB 7.18/share Residual maturity: 2 months

Exercise price range and contractual residual maturity of closing outstanding share options	(1) The repurchase price for the 2015 Restricted Share Incentive Plan (《2015 年限制性股票激励计划》) is RMB 3.31/share, with a residual maturity of 2 months (note). (2) The repurchase price for the first phase of the 2016 Restricted Share Incentive Plan (《2016 年首次限制性股票激励计划》) is RMB 6.93/share, with a residual maturity of 38 months. (3) The repurchase price for the 2016 Reserved Restricted Share Incentive Plan (《2016 年预留限制性股票激励计划》) is RMB 10.19/share, with a residual maturity of 35 months.

Note: As the unlocking and the repurchase for retirement under the 2015 Restricted Share Incentive Plan (《2015 年限制性股票激励计划》) had all been completed before the 2017 annual equity distribution, there was no need to adjust the relevant repurchase price.

2. Share-Based Payments Settled with Equity

Determination method for fair value of equity instruments at grant dates	Using Black-Scholes option pricing model to calculate fair value of the Company's share options
Basis for determination of quantity of exercisable equity instruments	When the required performance conditions are met for the corresponding periods of the equity instrument incentive plans
Explanation of why estimates of Current Period are materially different from those of last year	No material difference
Accumulated share-based payments settled with equity included in capital reserves (note 1 and 2)	163,821,359.42
Accumulated recognized expense on share-based payments settled with equity (note 1)	168,477,195.34
Total recognized expense on share-based payments settled with equity in Current Period	34,024,835.91

Note 1: The accumulated share-based payments settled with equity included in capital reserves and the corresponding accumulated recognized expense included the accumulated expense on the Share Option Incentive Plan of Guangdong Haid Co., Limited (《广东海大股份有限公司股票期权激励计划(修订稿)》) (hereinafter referred to as the "Share Option Incentive Plan") carried out in 2015, of which the accumulated share-based payments settled with equity included in capital reserves of the Share Option Incentive Plan stood at RMB 56,205,333.06 while the corresponding accumulated recognized expense stood at RMB 56,676,800.09.

Note 2: There was a difference between the accumulated share-based payments settled with equity included in capital reserves and the corresponding accumulated recognized expense because certain equity incentives were granted to employees of non-wholly-owned subsidiaries.

3. Share-Based Payments Settled in Cash

No share-based payments were settled in cash during the Reporting Period.

4. Revisions and Termination of Share-Based Payments

(1) Quantity and Price Adjustments to Equities under Restricted Share and Share Option Incentive Plan (《限制性股票与股票期权激励计划》)

On March 4, 2015, the Proposal on Adjustments to Restricted Share and Share Option Prices, Quantities and Awardees under Restricted Share and Share Option Incentive Plan of Guangdong Haid Group Co., Limited (《关于调整<广东海大集团股份有限公司限制性股票与股票期权激励计划>限制性股票和股票期权价格、数量及激励对象的议案》) was reviewed and approved at the 13th Meeting of the Company's 3rd Board. As certain awardees had resigned or voluntarily given up the incentive and the 2014 semi-annual equity distribution had been carried out, the awardees were revised to 459, with the ungranted restricted shares revised to 14,395,000 at a revised grant price of RMB 5.64/share, and the share options revised to 10,425,000 at a revised exercise price of RMB 11.41/share. On March 20, 2015, the Company completed the grant and registration of the said restricted shares and share options.

On February 25, 2016, the Proposal on Adjustments to Equity Quantities, Repurchase Price and Exercise Price under Restricted Share and Share Option Incentive Plan (《关于调整公司限制性股票与股票期权激励计划的权益数量、回购价格和行权价格的议案》) was reviewed and approved at the 19th Meeting of the Company's 3rd Board. As certain awardees had resigned and the 2014 annual and 2015 semi-annual equity distribution plans had been carried out, the awardees were revised to 420; the granted and to-be-repurchased restricted shares were 595,000 and the granted and locked-up restricted shares were revised to 19,558,000; the granted and to-be-canceled share options were 1,512,000 and the granted but unexercised share options were revised to 13,083,000; and the restricted share repurchase price was revised to RMB 3.86/share and the share option exercise price to RMB 7.98/share. The Company completed the cancellation of the said 595,000 restricted shares and 1,512,000 share options on April 18, 2016 and April 21, 2016, respectively.

On May 20, 2016, the Proposal on Adjustment to Exercise Price under Restricted Share and Share Option Incentive Plan (《关于调整公司限制性股票与股票期权激励计划行权价格的议案》) was reviewed and approved at the 22nd Meeting of the Company's 3rd Board. As the 2015 annual equity distribution had been carried out, the share option exercise price was revised to RMB 7.73/share.

On October 25, 2016, the Proposal on Adjustment to Equity Quantity and Cancellation of Certain Share Options under Restricted Share and Share Option Incentive Plan (《关于调整公司限制性股票与股票期权激励计划的权益数量及注销部分股票期权的议案》) and the Proposal on Repurchase and Cancellation of Certain Restricted Shares (《关于回购注销部分限制性股票的议案》) were reviewed and approved at the 3rd Meeting of the Company's 4th Board. As certain awardees had resigned or had their labor contract terminated by the Company, among others, and the 2015 annual equity distribution had been carried out, the Company was agreed to repurchase and cancel the 394,800 restricted shares that had been granted to these awardees but were still in lockup, and to cancel the 231,000 share options that had been granted to but had not yet been exercised by these awardees due to unmet exercise conditions. As the 2015 annual equity distribution had been carried out, the restricted share repurchase price was revised to RMB 3.61/share. The Company completed the repurchase and cancellation of the said 394,800 restricted shares and the cancellation of the said 231,000 share options on December 22, 2016 and December 23, 2016, respectively.

On March 13, 2017, the Proposal on Intended Cancellation of Invalidated Share Options at End of First Exercise Period of Restricted Share and Share Option Incentive Plan (《关于限制性股票与股票期权激励计划第一个行权期结束拟注销失效股票期权的议案》) was reviewed and approved at the Sixth Meeting of the Company's Fourth Board. As three of the share option awardees failed to exercise the share options granted to them for the first exercise period by the end of the first exercise period, these 78,400 unexercised share options were invalidated, which the Company was agreed to cancel. The Company completed the cancellation of the said 78,400 invalidated share options on March 31, 2017.

On April 25, 2017, the Proposal on Adjustment to Equities under Restricted Share and Stock Option Incentive Plan & Repurchase and Cancellation/Cancellation of Incentive Restricted Shares due to Awardees Not Meeting Unlocking/Exercise Conditions of Second Unlocking/Exercise Period (《关于限制性股票与股票期权激励计划权益数量调整及第二个解锁/行权期不符合解锁/行权条件并予以回购注销/注销的议案》) was reviewed and approved at the Seventh Meeting of the Company's Fourth Board. As certain awardees had resigned, voluntarily given up the incentive or failed to meet the unlocking/exercise conditions for the second unlocking/exercise period, the awardees were revised to 394; the granted but locked-up restricted shares were revised to 5,493,600 and the granted and to-be-purchased-and-cancelled restricted shares were 5,846,400 at a repurchase price of RMB 3.61/share; and the granted but unexercised share options were revised to 3,725,400 and the granted and to-be-cancelled share options were 3,893,400. The Company completed the cancellation of the said share options and the repurchase and cancellation of the said restricted shares on June 19, 2017 and June 20, 2017, respectively.

On October 27, 2017, the Proposal on Adjustments to Equity Incentive Plans and Cancellation of Certain Share Options and the Proposal on Repurchase and Cancellation of Certain Restricted Shares (《关于调整公司股权激励计划相关事项及注销部分股票期权的议案》及《关于回购注销部分限制性股票的议案》) were reviewed and approved at the Tenth Meeting of the Company's Fourth Board. As certain awardees had resigned or had their labor contract terminated by the Company, among others, and the 2016 annual equity distribution had been carried out, the Company was agreed to repurchase and cancel the 109,200 restricted shares that had been granted to these awardees but were still in lockup, and to cancel the 105,000 share options that had been granted to but had not yet been exercised by these awardees due to unmet exercise conditions; to amend the restricted share repurchase price to RMB 3.31/share and the share option exercise price to RMB 7.43/share; and to change the awardees to 383. The Company completed the repurchase and cancellation of the said 109,200 restricted shares and the cancellation of the said 105,000 share options on December 26, 2017 and December 27, 2017, respectively.

On April 19, 2018, the Company convened the twelfth meeting of the fourth session of the Board to consider and approve the Proposal on Adjustments to Relevant Matters of the Stock Incentive Plan of the Company and Cancellation of Certain Share Options (《关于调整公司股权激励计划相关事项及注销部分股票期权的议案》) and the Proposal Regarding Repurchase of Certain Restricted Shares for Cancellation (《关于回购注销部分限制性股票的议案》). Due to demission, death caused by illness or other reasons of certain incentive targets, the Company was approved to repurchase for cancellation the 21,700 restricted shares which had been granted to the said incentive targets but not unlocked, as well as to cancel the 12,600 share options which had been granted but

failed to meet the exercise conditions. Meanwhile, the number of restricted shares which had been granted but not unlocked was adjusted to 5,362,700 shares, and the number of share options which had been granted but not exercised to 3,607,800. On 13 and 19 June 2018 respectively, the Company completed the cancellation of the 12,600 share options and the repurchase for cancellation of the 21,700 restricted shares.

On 27 June 2018, the Proposal on Adjusting the Exercise Price for the Restricted Share and Share Option Incentive Plan (《关于调整限制性股票与股票期权激励计划行权价格的议案》) was approved at the 14th Meeting of the 4th Board. As the Company implemented the 2017 annual equity distribution, the share option exercise price was adjusted to RMB7.18/share option; and the restricted shares were all unlocked and became tradable upon the satisfaction of the unlocking conditions.

(2) Quantity and Price Adjustments to Equities under 2016 Restricted Share Incentive Plan (《2016 年限制性股票激励计划》)

On October 27, 2017, the Proposal on Adjustments to Equity Incentive Plans and Cancellation of Certain Share Options (《关于调整公司股权激励计划相关事项及注销部分股票期权的议案》) and the Proposal on Repurchase and Cancellation of Certain Restricted Shares (《关于回购注销部分限制性股票的议案》) were reviewed and approved at the Tenth Meeting of the Company's Fourth Board. As such, the Company was agreed to repurchase and cancel the 618,800 restricted shares that had been granted to awardees that had resigned or had their labor contracts terminated by the Company but were still in lockup, adjust the awardees for the first grant to 1,336 and revise the restricted share repurchase price to RMB 7.18/share. The Company completed the repurchase and cancellation of the said 618,800 restricted shares on December 26, 2017.

On 19 April 2018, the Proposal on Adjustments to Equity Incentive Plans and Cancellation of Certain Share Options (《关于调整公司股权激励计划相关事项及注销部分股票期权的议案》) and the Proposal on Repurchase and Cancellation of Certain Restricted Shares (《关于回购注销部分限制性股票的议案》) were reviewed and approved at the Twelfth Meeting of the Company's Fourth Board. As such, the Company was agreed to repurchase and cancel the 510,900 restricted shares that had been granted in the first phase to awardees that had resigned, failed in their annual individual appraisals or passed away due to illness but were still in lockup and the 48,200 reserved restricted shares, adjust the number of restricted shares that had been granted in the first phase but not unlocked to 39,153,500, and adjust the number of reserved restricted shares that had been granted but not unlocked to 4,259,800. The Company completed the repurchase and cancellation of the said 559,100 restricted shares on 19 June 2018.

On 24 October 2018, the Company convened the sixteenth meeting of the fourth session of the Board to consider and approve the Proposal on the Adjustment to the Repurchase Price of the Stock Incentive Plan (《关于调整股权激励计划回购价格的议案》). Due to the implementation of the Company's 2017 annual equity distribution, as well as the dismissal, disqualification or termination of employment of certain incentive targets, the Company was approved to adjust the repurchase price of the first granted restricted shares under the 2016 Restricted Share Incentive Plan (Revised) (《2016 年限制性股票激励计划(修订稿)》) to RMB 6.93 per share, adjust the repurchase price of the reserved restricted shares to RMB 10.19 per share, and repurchase for cancellation the 1,093,120 restricted shares and the 178,000 reserved restricted shares of the above-mentioned incentive targets which had been first granted but

failed to satisfy the unlocking conditions. The Company completed the repurchase and cancellation of the said restricted shares on 27 December 2018.

XII Commitments and Contingencies

1. Significant Commitments

(1) Capital Commitments

As of 31 December 2018, there were no significant capital commitments that would affect the Group's normal production and operation and should be disclosed.

(2) Operating Lease Commitments

As of 31 December 2018, there were no significant operating lease commitments that would affect the Group's normal production and operation and should be disclosed.

(3) External Investment Commitments

As of 31 December 2018, there were no significant external investment commitments.

(4) External Financing Commitments

As of 31 December 2018, there were no significant external financing commitments.

(5) Fulfillment of Previous Commitments

No such cases as of 31 December 2018.

2. Contingencies

In order to help solve the liquidity difficulty and increase financing efficiency of certain quality farmers or distributors at the downstream of the industrial chain, promote the Group's product sales, further expand the Group's major business operations, as well as promote common development of the Group and its customers, the Proposal on the Provision of Guarantees for External Parties (《关于对外提供担保的议案》) were approved on the board meetings on 26 April, 27 June and 24 October 2018, respectively. Under the premises that Jiangsu Agriculture Credits Guarantee Co., Ltd., Shandong Agriculture Development Credit Guarantee Co., Ltd. and Hunan Agriculture Credit Guarantee Co., Ltd. (together, the "Agriculture Credit Guarantee Companies") provided guarantees for the financings given by financial institutions to the Group's farmers or distributors to purchase the Group's products, the Group's corresponding subsidiaries would provide counter-guarantees of 20% of the borrower's default amount for the Agriculture Credit Guarantee Companies. According to the Group's interests in the said subsidiaries, the total counter-guarantee amount would not exceed RMB 30.5890 million. As of 31 December 2018, according to the Group's interests in the said subsidiaries, the total actual

counter-guarantee amount was RMB 4.7397 million.

Except for the aforesaid matter, there were no other significant undisclosed contingencies that should have been disclosed as of the end of the Reporting Period.

XIII Events after Balance Sheet Date

1. Significant Non-Adjusting Events

There were no significant non-adjusting events as of the issue date of this report.

2. Dividend Payout

According to the dividend payout proposal approved by the Board on 13 April 2019, based on the total shares on the book closure day in the future implementation of the dividend payout plan, the Company intends to distribute a cash dividend of RMB 3.00 (tax inclusive) per 10 shares, with the total cash dividends to be distributed not exceeding the income of the Company (as the Parent Company) distributable to shareholders as of 31 December 2018. The dividend payout plan will be implemented upon approval by a General Meeting.

3. Return of Sales

There were no significant sales returns as of the issue date of this report.

4. Other Events after Balance Sheet Date

There were no other events after the balance sheet date as of the issue date of this report.

XIV Other Significant Events

As of 31 December 2018, there were no other significant events that would affect the Group's normal production and operation and should be disclosed.

XV Notes to Key Items in Parent Company Financial Statements

1. Other Receivables

Item	31 December 2018	31 December 2017
Interest receivable	8,630.13	964,410.93
Dividends receivable	35,271,940.95	35,271,940.95
Other receivables	6,961,673,027.71	5,186,480,721.39

Item	31 December 2018	31 December 2017
Total	6,996,953,598.79	5,222,717,073.27

(1) Interest Receivable

Item	31 December 2018	31 December 2017
Interest receivable on bank's wealth management products	8,630.13	964,410.93
Total	8,630.13	964,410.93

(2) Dividends Receivable

Item	31 December 2018	31 December 2017
Foshan Haihang Feed Co., Ltd.	35,271,940.95	35,271,940.95
Total	35,271,940.95	35,271,940.95

(3) Other Receivables

1) Other Receivables by Category

Category	31 December 2018				
	Carrying balance		Allowance for doubtful accounts		Carrying value
	Amount	Percentage (%)	Amount	Ratio (%)	
Other receivables with amounts that were individually significant and for which the allowance for doubtful accounts was provided on the individual basis	-	-	-	-	-
Other receivables for which the allowance for doubtful accounts was provided on the group basis					
Groups of other receivables from external parties for which the allowance for doubtful	17,541,999.80	0.25	1,343,039.99	7.66	16,198,959.81

Category	31 December 2018				
	Carrying balance		Allowance for doubtful accounts		Carrying value
	Amount	Percentage (%)	Amount	Ratio (%)	
accounts was not provided on the individual basis					
Groups of other receivables from other entities within consolidation scope	6,842,788,267.90	98.28	-	-	6,842,788,267.90
Groups of futures margin	102,685,800.00	1.47	-	-	102,685,800.00
Subtotal of groups of other receivables	6,963,016,067.70	100.00	1,343,039.99	0.02	6,961,673,027.71
Other receivables with amounts that were not individually significant but for which the allowance for doubtful accounts was provided on the individual basis	-	-	-	-	
Total	6,963,016,067.70	100.00	1,343,039.99	0.02	6,961,673,027.71
Category	31 December 2017				
	Carrying balance		Allowance for doubtful accounts		Carrying value
	Amount	Percentage (%)	Amount	Ratio (%)	
Other receivables with amounts that were individually significant and for which the allowance for doubtful accounts was provided on the individual basis	-	-	-	-	-
Other receivables for which the allowance for doubtful accounts was provided on the group basis					
Groups of other receivables from external parties for which the allowance for doubtful accounts was not provided on the individual basis	16,407,778.65	0.32	886,709.63	5.40	15,521,069.02

Category	31 December 2018				
	Carrying balance		Allowance for doubtful accounts		Carrying value
	Amount	Percentage (%)	Amount	Ratio (%)	
Groups of other receivables from other entities within consolidation scope	5,150,845,064.17	99.30	-	-	5,150,845,064.17
Groups of futures margin	20,114,588.20	0.38	-	-	20,114,588.20
Subtotal of groups of other receivables	5,187,367,431.02	100.00	886,709.63	0.02	5,186,480,721.39
Other receivables with amounts that were not individually significant but for which the allowance for doubtful accounts was provided on the individual basis	-	-	-	-	-
Total	5,187,367,431.02	100.00	886,709.63	0.02	5,186,480,721.39

① Among the groups of other receivables, the other receivables for which the allowance for doubtful accounts was provided on the aging basis are as follows:

Category	31 December 2018			
	Carrying balance		Allowance for doubtful accounts	
	Amount	Percentage (%)	Amount	Ratio (%)
Within 1 year	9,039,649.80	51.53	451,982.49	5.00
1 to 2 years	8,300,200.00	47.32	830,020.00	10.00
2 to 3 years	132,150.00	0.75	33,037.50	25.00
3 to 4 years	70,000.00	0.40	28,000.00	40.00
Total	17,541,999.80	100.00	1,343,039.99	—

As the groups of futures margin receivable and the groups of other receivables from other entities within the consolidation scope expectedly have a fairly low rate of actual loss, no allowance for doubtful accounts was provided for these other receivables for the Current Period.

② As of the end of the Reporting Period, there were no other receivables with amounts that were individually significant and for

which the allowance for doubtful accounts was provided on the individual basis.

2) Allowances for Doubtful Accounts Made and Reversed in Current Period

In the Current Period, RMB 456,330.36 of allowance for doubtful accounts was provided, while no such allowance of a significant amount was reversed.

3) Other Receivables Actually Written off for Current Period

No other receivables were written off for the Current Period.

4) Other Receivables by Nature

Nature of account	31 December 2018	31 December 2017
Other receivables from internal entities	6,842,788,267.90	5,150,845,064.17
Futures margin	102,685,800.00	20,114,588.20
Other receivables from external entities	11,396,090.99	7,343,216.50
Petty cash	4,636,095.42	6,221,039.87
Government subsidies receivable	-	2,160,000.00
Security deposits	1,097,525.00	351,770.00
Social security advances	412,288.39	189,331.48
Other	-	142,420.80
Total	6,963,016,067.70	5,187,367,431.02

5) Other Receivables from Top Five Debtors with Largest Closing Balances

Debtor	Nature of account	31 December 2018	Age of account	As % of total closing other receivables	Closing allowance for doubtful amount
Dalian Haid Rongchuan Trading Co., Ltd.	Receivable for goods sold and current account	379,831,543.70	Within 1 year	5.45	-
Guangzhou Haid Feed Co., Ltd.	Receivable for goods sold and current account	365,194,011.87	Within 1 year	5.24	-
Zhanjiang Haid Feed Co., Ltd.	Receivable for goods sold and	359,793,709.48	Within 1 year	5.17	-

Debtor	Nature of account	31 December 2018	Age of account	As % of total closing other receivables	Closing allowance for doubtful amount
	current account				
Shandong Haidong Agriculture and Animal Husbandry Co., Ltd.	Receivable for goods sold and current account	328,824,687.79	Within 1 year	4.72	-
Guangzhou Yitun Pig Industry Investment Co., Ltd.	Receivable for goods sold and current account	306,015,919.92	Within 1 year	4.39	-
Total	—	1,739,659,872.76	—	24.97	-

6) There were no other receivables associated with government subsidies as of the end of the Reporting Period.

7) No other receivables were derecognized due to transfer of financial assets in the Current Period.

2. Long-Term Equity Investments

(1) Long-Term Equity Investments by Category

Item	31 December 2017	Increase in Current Period	Decrease in Current Period	31 December 2018
Investments in subsidiaries	2,428,686,773.83	657,362,036.86	1,860,000.00	3,084,188,810.69
Investments in associates	17,947,374.70	1,415,674.66	-	19,363,049.36
Total	2,446,634,148.53	658,777,711.52	1,860,000.00	3,103,551,860.05

(2) Long-Term Equity Investments in Subsidiaries

Investee (abbr.)	31 December 2017	Increase in Current Period	Decrease in Current Period	31 December 2018	Allowance for impairment	Allowance for impairment provided in Current Period
Guangzhou Runchuan	9,812,949.78	-	-	9,812,949.78	-	-
Guangzhou Yitun	420,252.63	1,106,782.83	-	1,527,035.46	-	-
Enping Fengwo	141,938.31	81,694.76	-	223,633.07	-	-

Investee (abbr.)	31 December 2017	Increase in Current Period	Decrease in Current Period	31 December 2018	Allowance for impairment	Allowance for impairment provided in Current Period
Yangxi Fengwo	252,170.16	155,557.14	-	407,727.30	-	-
Yangdong Fengwo	54,520.00	66,833.78	-	121,353.78	-	-
Enping Yitun	75,090.66	73,354.19	-	148,444.85	-	-
Gaozhou Sanhe	65,770.72	72,559.98	-	138,330.70	-	-
Yingde Yitun	-	10,481.64	-	10,481.64	-	-
Hunan Yitun	187,773.73	152,386.89	-	340,160.62	-	-
Hengyang Jisheng	50,632.72	26,866.74	-	77,499.46	-	-
Yueyang Yitun	61,688.80	77,448.33	-	139,137.13	-	-
Sihui Yitun	28,133.87	19,638.02	-	47,771.89	-	-
Qintang Yitun	12,282.92	-	-	12,282.92	-	-
Pingnan Yitun	59,042.78	81,743.28	-	140,786.06	-	-
Pingguo Yitun	75,814.75	15,795.43	-	91,610.18	-	-
Hengshan Yitun	88,991.45	151,180.52	-	240,171.97	-	-
Gangbei Yitun	4,766.31	126,156.36	-	130,922.67	-	-
Duyun Yitun	36,426.58	27,288.42	-	63,715.00	-	-
Rongjiang Yitun	-	15,795.43	-	15,795.43	-	-
Binyang Yitun	1,975.66	65,156.16	-	67,131.82	-	-
Yicheng Yitun	18,714.67	14,577.92	-	33,292.59	-	-
Guigang Donghuang	-	22,376.86	-	22,376.86	-	-
Zhenjiang Yitun	-	4,558.90	-	4,558.90	-	-
Guangzhou Haiwei	15,497,450.96	344,368.79	-	15,841,819.75	-	-
Guangzhou Rongchuan	14,949,259.87	91,623.81	-	15,040,883.68	-	-
Foshan Haihang	22,651,629.71	300,560.79	-	22,952,190.50	-	-

Investee (abbr.)	31 December 2017	Increase in Current Period	Decrease in Current Period	31 December 2018	Allowance for impairment	Allowance for impairment provided in Current Period
Guangzhou Dachuan	13,349,987.44	666,970.87	-	14,016,958.31	-	-
Hubei Haid	26,096,536.76	1,579,837.58	-	27,676,374.34	-	-
Guangdong Hinter	83,091,601.36	896,015.07	-	83,987,616.43	-	-
Guangzhou Haishengyuan	11,642.38	-	-	11,642.38	-	-
Guangzhou Mutai	91,021.00	413,347.24	-	504,368.24	-	-
Guangzhou Haiyiuan	18,714.67	-	-	18,714.67	-	-
Shaanxi Haid	6,704,648.60	6,752,651.45	-	13,457,300.05	-	-
Lanzhou Haid	2,091.87	23,693.15	-	25,785.02	-	-
Yangling Haid	4,881.03	50,194.39	-	55,075.42	-	-
Hunan Haid	18,461,766.60	310,805.01	-	18,772,571.61	-	-
Guangzhou Haihe	550,000.00	-	-	550,000.00	-	-
Foshan Haipu	7,364,229.33	18,687.75	-	7,382,917.08	-	-
Qingyuan Haibei	3,036,161.61	571,509.76	-	3,607,671.37	-	-
Zhanjiang Haid	16,370,365.97	951,977.80	-	17,322,343.77	-	-
Jiangmen Haid	82,684,864.10	340,553.95	-	83,025,418.05	-	-
Chengdu Haid	16,110,303.47	345,165.93	-	16,455,469.40	-	-
Taizhou Haid	19,520,576.93	549,283.21	-	20,069,860.14	-	-
Jingzhou Haid	101,099,996.68	328,846.22	-	101,428,842.90	-	-
Ezhou Haid	2,798,327.27	322,034.66	-	3,120,361.93	-	-
Dongguan Haid	20,867,028.96	288,756.88	-	21,155,785.84	-	-
Fujian Haid	100,979,511.81	531,889.35	-	101,511,401.16	-	-
Zhejiang Haid	98,978,255.91	252,930.54	-	99,231,186.45	-	-

Investee (abbr.)	31 December 2017	Increase in Current Period	Decrease in Current Period	31 December 2018	Allowance for impairment	Allowance for impairment provided in Current Period
Guangxi Haid	109,608,223.56	41,405.35	-	109,649,628.91	-	-
Kinghill Holdings	-	-	-	-	-	-
Haida Indonesia	13,321.56	149,940.05	-	163,261.61	-	-
Jiangxi Haid	74,164,602.83	188,939.93	-	74,353,542.76	-	-
Guangzhou Haid	13,922,127.71	-	-	13,922,127.71	-	-
Guangdong Hisenor	1,504,406.63	383,713.00	-	1,888,119.63	-	-
Zhanjiang Hisenor	377,903.21	149,152.62	-	527,055.83	-	-
Hainan Hisenor	846,929.33	214,931.23	-	1,061,860.56	-	-
Rongcheng Rongchuan	-	36,565.26	-	36,565.26	-	-
Fujian Haid Sun	-	-	-	-	-	-
Maoming Hailong	93,557,607.00	269,455.97	-	93,827,062.97	-	-
Nanchang Haid	4,765,446.12	264,259.65	-	5,029,705.77	-	-
Zhuhai Rongchuan	34,064,245.54	1,459,083.14	-	35,523,328.68	-	-
Jieyang Haid	687,938.14	284,392.07	-	972,330.21	-	-
Sanshuifanling	15,571,816.62	151,986.61	-	15,723,803.23	-	-
Dalian Rongchuan	50,386,845.66	-	-	50,386,845.66	-	-
Haid International	219,003,053.27	-	-	219,003,053.27	-	-
Dong Nai Haid	237,466.20	125,144.16	-	362,610.36	-	-
Sheng Long International	262,308.02	-	-	262,308.02	-	-
Sheng Long Bio-Tech	279,896.53	198,170.03	-	478,066.56	-	-
Hisenor Viet Nam	20,338.67	15,842.94	-	36,181.61	-	-
Changzhou Haid	22,273,285.89	1,659,312.78	-	23,932,598.67	-	-
Hainan Haiwei	5,000,000.00	-	-	5,000,000.00	-	-

Investee (abbr.)	31 December 2017	Increase in Current Period	Decrease in Current Period	31 December 2018	Allowance for impairment	Allowance for impairment provided in Current Period
Tianjin Haid	78,919,549.27	70,235,488.78	-	149,155,038.05	-	-
A&T Xinhui	25,005,054.53	115,879.80	-	25,120,934.33	-	-
Tianmen Haid	6,089,741.53	360,568.49	-	6,450,310.02	-	-
Changzhou Gude	1,860,000.00	-	1,860,000.00	-	-	-
Zhuhai Hailong	12,097,129.98	615,376.62	-	12,712,506.60	-	-
Yangjiang Haid	5,269,866.13	287,520.65	-	5,557,386.78	-	-
Guigang Haid	5,623,406.72	362,802.78	-	5,986,209.50	-	-
Yiyang Haid	50,575,855.67	246,879.45	-	50,822,735.12	-	-
Nantong Haid	100,920,013.66	260,940.03	-	101,180,953.69	-	-
Yunnan Haid	6,254,844.52	286,184.20	-	6,541,028.72	-	-
Guangzhou Hailong	3,090,335.84	-	-	3,090,335.84	-	-
Zhaoqing Haid	3,442,495.53	111,111.75	-	3,553,607.28	-	-
Wuhan Aquaera	5,287,918.03	27,936.11	-	5,315,854.14	-	-
Shenzhen Longreat	1,409,821.33	-	-	1,409,821.33	-	-
Lanking	51,011.60	-	-	51,011.60	-	-
Sheng Long India	93,773.96	70,057.46	-	163,831.42	-	-
Hai Duong Haid	84,851.76	200,428.16	-	285,279.92	-	-
Hai Dai Company Limited	-	18,428.00	-	18,428.00	-	-
Vinh Long Hai Dai	-	10,201.21	-	10,201.21	-	-
Dongting Haid	5,281,067.71	187,143.32	-	5,468,211.03	-	-
Zhangzhou Haid	12,412,206.15	236,104.79	-	12,648,310.94	-	-
Anhui Haid	10,846,088.67	254,443.48	-	11,100,532.15	-	-

Investee (abbr.)	31 December 2017	Increase in Current Period	Decrease in Current Period	31 December 2018	Allowance for impairment	Allowance for impairment provided in Current Period
Xiangtan Haid	10,171,633.13	159,109.33	-	10,330,742.46	-	-
Changsheng Logistics	10,284,632.75	20,007.55	-	10,304,640.30	-	-
Guangzhou Danong	500,000.00	-	-	500,000.00	-	-
Dingtao Hairong	51,682.78	177,543.70	-	229,226.48	-	-
Chengnan Hairong	43,686.25	26,325.72	-	70,011.97	-	-
Guigang Hairong	6,740.49	68,446.87	-	75,187.36	-	-
Zhangzhou Hairong	21,596.94	28,372.72	-	49,969.66	-	-
Guangzhou Haifengchang	500,000.00	-	-	500,000.00	-	-
Wuhan Zeyi	10,000,000.00	-	-	10,000,000.00	-	-
Shandong Haiding	5,504,648.62	123,467.63	-	5,628,116.25	-	-
Suixian Haiding	62,021.34	34,241.75	-	96,263.09	-	-
Yuncheng Haiding	40,307.90	50,481.69	-	90,789.59	-	-
Dingtao Haiding	74,248.62	75,113.84	-	149,362.46	-	-
Liaocheng Haiding	27,903.62	88,795.03	-	116,698.65	-	-
Shanxian Haiding	68,900.58	69,396.84	-	138,297.42	-	-
Heze Haiding Feed	314,718.45	197,619.76	-	512,338.21	-	-
Jining Haiding	41,007.32	48,251.70	-	89,259.02	-	-
Feixian Hairuida	89,032.21	191,928.16	-	280,960.37	-	-
Yinan Haiding	130,960.58	63,475.87	-	194,436.45	-	-
Tengzhou Fengcheng	9,303.20	24,155.97	-	33,459.17	-	-
Xishui Haid	3,432,547.19	133,879.09	-	3,566,426.28	-	-
Yancheng Haid	787,241.71	29,623,921.30	-	30,411,163.01	-	-

Investee (abbr.)	31 December 2017	Increase in Current Period	Decrease in Current Period	31 December 2018	Allowance for impairment	Allowance for impairment provided in Current Period
Honghu Haid	2,085,908.12	147,183.15	-	2,233,091.27	-	-
Kaifeng Haid	12,967,469.82	182,218.74	-	13,149,688.56	-	-
Guangzhou Heshengtang Biotechnology	3,330,000.00	-	-	3,330,000.00	-	-
Guangzhou Heshengtang Pharmaceutical	19,291,870.33	180,454.09	-	19,472,324.42	-	-
Haid Livestock Veterinary Research Institute	51,363,314.38	153,454.99	-	51,516,769.37	-	-
Henai Haihe	6,704,299.96	32,468.39	-	6,736,768.35	-	-
Xuchang Haihe	1,278.37	14,479.15	-	15,757.52	-	-
Anyang Haihe	1,394.58	29,664.29	-	31,058.87	-	-
Jiyuan Haihe	-	8,336.48	-	8,336.48	-	-
Suqian Haid	20,314,815.99	172,339.43	-	20,487,155.42	-	-
Huaihua Haid	197,978.51	131,565.76	-	329,544.27	-	-
Guangzhou Meinong	50,000,000.00	-	-	50,000,000.00	-	-
Haid Ecuador	-	47,408.35	-	47,408.35	-	-
Guangdong Hairuite	730,110.63	361,084.04	-	1,091,194.67	-	-
Guangzhou Haijian	1,000,000.00	-	-	1,000,000.00	-	-
Nanhai Bairong	983,395.89	85,558.37	-	1,068,954.26	-	-
Zhaoqing Bairong	13,688.00	10,662.36	-	24,350.36	-	-
Qingyuan Bairong	693,817.97	64,094.64	-	757,912.61	-	-
Yangxin Bairong	273,428.84	117,395.88	-	390,824.72	-	-
Jingzhou Bairong	4,021.33	7,007.39	-	11,028.72	-	-

Investee (abbr.)	31 December 2017	Increase in Current Period	Decrease in Current Period	31 December 2018	Allowance for impairment	Allowance for impairment provided in Current Period
Hunan Innovation	1,313,046.11	155,621.59	-	1,468,667.70	-	-
Guangzhou Haishengke	1,000,000.00	-	-	1,000,000.00	-	-
Sichuan Hailinger	310,144.25	129,022.92	-	439,167.17	-	-
Sanming Haid	5,181,667.68	132,821.76	-	5,314,489.44	-	-
Qingyuan Haid	10,151,691.69	166,889.99	-	10,318,581.68	-	-
Xuancheng Haid	5,160,163.62	123,490.60	-	5,283,654.22	-	-
Shunde Haid	5,099,823.97	66,213.73	-	5,166,037.70	-	-
Jiaxing Haid	14,446,192.13	62,730.63	-	14,508,922.76	-	-
Shijiazhuang Weike	49,165,791.42	135,477.28	-	49,301,268.70	-	-
Chongqing Haid	5,125,343.24	149,506.46	-	5,274,849.70	-	-
Shenyang Haid	2,620,030.29	123,811.17	-	2,743,841.46	-	-
Jiangsu Haihe	6,789,347.98	56,245.27	-	6,845,593.25	-	-
Xuzhou Haihe	23,778.63	40,936.18	-	64,714.81	-	-
Lianyungang Haihe	35,050.65	69,255.40	-	104,306.05	-	-
Xuzhou Haid	4,811.30	61,888.63	-	66,699.93	-	-
Anshan Dachuan	547,797.16	53,519.18	-	601,316.34	-	-
Guangzhou Haiyuan Factoring	50,000,000.00	104,442.34	-	50,104,442.34	-	-
Haid Pet	5,505,113.47	4,569,964.45	-	10,075,077.92	-	-
Weihai Pet	-	33,170.41	-	33,170.41	-	-
Qijing Zhihai	2,011,291.53	11,799.11	-	2,023,090.64	-	-
Dali Haiwang	-	7,897.72	-	7,897.72	-	-
Yibin Zhihai	20,766.37	64,797.47	-	85,563.84	-	-

Investee (abbr.)	31 December 2017	Increase in Current Period	Decrease in Current Period	31 December 2018	Allowance for impairment	Allowance for impairment provided in Current Period
Guiyang Zhihai	697.29	28,108.10	-	28,805.39	-	-
Yichang Zhihai	-	12,120.89	-	12,120.89	-	-
Ganzhou Haid	2,700,000.00	1,293.50	-	2,701,293.50	-	-
Foshan Haid	3,307,406.30	365,911.23	-	3,673,317.53	-	-
Liyang Jiuhe	64,092,907.02	333,317.80	-	64,426,224.82	-	-
Shaoguan Haid	-	12,102.09	-	12,102.09	-	-
Shandong Daxin	286,431,719.46	5,936.59	-	286,437,656.05	-	-
Hunan Jinhuilong	31,620,000.00	19,380,000.00	-	51,000,000.00	-	-
Jiaozuo Jinhuilong	-	4,212.12	-	4,212.12	-	-
Nanning Haid	-	135,797.26	-	135,797.26	-	-
Ganzhou Hailong	-	15,295.84	-	15,295.84	-	-
Guangzhou Haiyuan Micro-Credit	-	500,018,801.48	-	500,018,801.48	-	-
Total	2,428,686,773.83	657,362,036.86	1,860,000.00	3,084,188,810.69	-	-

(3) Investments in Associates as of Period-End

Investee (abbr.)	31 December 2017	Increase in Current Period	Decrease in Current Period	31 December 2018	Allowance for impairment	Allowance for impairment provided in Current Period
Guizhou Fuhai Chemical Co., Ltd.	17,947,374.70	1,415,674.66	-	19,363,049.36	-	-
Total	17,947,374.70	1,415,674.66	-	19,363,049.36	-	-

3. Sales Revenue and Cost of Sales

(1) Sales Revenue

Item	2018	2017

Item	2018	2017
Revenue from main operations	560,601,766.31	864,012,389.70
Revenue from other operations	100,621,117.49	165,502,026.68
Total	661,222,883.80	1,029,514,416.38

(2) Cost of Sales

Item	2018	2017
Cost of sales in main operations	193,287,637.00	433,988,280.81
Cost of sales in other operations	91,887,655.67	5,264,303.22
Total	285,175,292.67	439,252,584.03

4. Return on Investment

(1) Details of Return on Investment

Item	2018	2017
Return on long-term equity investments under cost method	1,266,931,132.31	651,976,617.16
Return on long-term equity investments under equity method	1,415,674.66	4,968,619.45
Income from disposal of long-term equity investments	378,220.00	-1,696,693.52
Income from disposal of financial assets measured at fair value	95,184,439.22	67,982,659.68
Income from holding available-for-sale financial assets	3,882,577.17	3,970,851.71
Return on investments in wealth management instruments	12,862,123.30	28,765,121.46
Total	1,380,654,166.66	755,967,175.94

XVI Supplementary Information

(I) Non-Operating Gains and Losses in Current Period

According to the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Nonrecurring Gains and Losses [2008] issued by the China Securities Regulatory Commission, the Group's nonrecurring gains and losses are as follows:

Item	Amount	Note
Gain or loss on disposal of non-current assets	-581,071.09	
Government subsidies charged to current profit or loss (exclusive of government subsidies given in the Company's ordinary course of business at fixed quotas or amounts as per government's uniform standards)	66,315,959.91	
Gain equal to the amount by which investment costs for the Company to obtain subsidiaries, associates and joint ventures are lower than the Company's enjoyable fair value of identifiable net asset value of investees when making investments	-	
Gain or loss on changes in fair value of trading financial assets and liabilities & income from disposal of trading financial assets and liabilities and available-for-sale financial assets (exclusive of effective portion of hedges that arise in the Company's ordinary course of business)	-175,206.74	
Reversed portion of impairment allowance for accounts receivable which are tested individually for impairment	3,466,834.57	
Non-operating gain and loss other than above	-12,961,386.26	
Other gains or losses that meet the definition of non-operating gains or losses	1,263,559.84	
Subtotal	57,328,690.23	
Less: Income tax effects	11,931,518.80	
Less: Non-controlling interests effects (net of tax)	2,672,999.82	
Total	42,724,171.61	

(II) Return on Equity (ROE) and Earnings per Share (EPS)

Income of Reporting Period		Weighted average ROE	EPS	
			Basic EPS	Diluted EPS
2018	Net income attributable to common shareholders of the listed company	20.21%	0.90	0.90
	Net income attributable to common shareholders of the listed company before nonrecurring gains and losses	19.61%	0.88	0.87
2017	Net income attributable to common shareholders of the listed company	20.01%	0.78	0.78

Income of Reporting Period	Weighted average ROE	EPS	
		Basic EPS	Diluted EPS
Net income attributable to common shareholders of the listed company before nonrecurring gains and losses	19.05%	0.75	0.75

Section XII. Documents Available for Reference

- I. The 2018 Annual Report signed by the legal representative.
- II. The financial statements signed and sealed by the legal representative, the Vice General Manager and the Chief Financial Officer.
- III. The original copy of the Independent Auditor's Report signed and sealed by the CPAs, as well as sealed by the CPA firm.
- IV. The originals of all the Company's announcements and documents which were disclosed during the Reporting Period on the Company's designated newspapers for information disclosure, namely, China Securities Journal, Securities Times, Securities Daily and Shanghai Securities News.
- V. All the said documents are available at the Securities Department of the Company.

Guangdong Haid Group Co., Limited

Legal representative: Hua Xue

13 April 2019