



Guangdong Haid Group Co., Limited

2017 Annual Report

Stock Code: 002311

Stock Abbreviation: Haid Group

Date of Approval for Publication: 19 April 2018

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 2.50 (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 2017 Annual Report may be obtained 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 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, H7N9 virus-mediated animal disease broke out early this year. PRRSV-mediated pig disease and shrimp-relevant EMS epidemic 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.

II. 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 nearly 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 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.

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 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.

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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 2017 to 31 December 2017
last year, the same period of last year	the period from 1 January 2016 to 31 December 2016
the end of the period	31 December 2017
the beginning of the period or the year	1 January 2017
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, Xujia Li

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

	2017	2016	Increase/decrease for the year as compared to the prior year	2015
Total Operating Revenue (RMB)	32,556,634,127.38	27,185,309,985.32	19.76%	25,567,402,483.20
Net income attributable to shareholders of the Company (RMB)	1,207,225,209.35	855,810,234.81	41.06%	779,978,258.90
Net income after non-operating gains or losses attributable to shareholders of the Company (RMB)	1,162,756,461.48	816,352,234.72	42.43%	729,504,640.30
Net cash flows from operating activities (RMB)	494,221,455.85	1,142,154,547.73	-56.73%	1,414,063,050.71
Basic earnings per share (RMB per share)	0.78	0.55	41.82%	0.51
Diluted earnings per share (RMB per share)	0.78	0.55	41.82%	0.51
Rate of return on net assets on weighted average basis	20.01%	16.17%	3.84%	16.72%
	As at the end of 2017	As at the end of 2016	Increase/decrease as at the end of the year compared	As at the end of 2015

			to the end of the prior year	
Total assets (RMB)	13,160,456,702.93	10,287,890,139.45	27.92%	8,184,667,625.29
Net assets attributable to shareholders of the Company (RMB)	6,474,694,687.24	5,649,592,278.17	14.60%	5,000,608,576.55

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	5,466,140,158.09	9,066,197,604.49	11,970,006,572.85	6,054,289,791.95
Net income attributable to shareholders of the Company	57,814,687.60	460,896,918.93	630,641,258.63	57,872,344.19
Net income after non-operating gains or losses attributable to shareholders of the Company	53,005,262.14	445,002,543.48	618,360,055.73	46,388,600.13
Net cash flows from operating activities	-271,051,793.43	73,446,266.50	25,379,842.27	666,447,140.51

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 2017	Amount for 2016	Amount for 2015	Explanation
Gain or loss on disposal of non-current assets	-12,825,316.16	-4,691,026.41	20,193,457.41	
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)	59,725,956.70	45,252,629.88	45,995,654.25	
Gain equal to the amount by which investment costs for the Company to obtain subsidiaries, associates and joint ventures are	122,148.00		444,836.24	

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)	-73,004.67	5,830,256.01		
Reversed portion of impairment allowance for accounts receivable which are tested individually for impairment	1,359,508.00			
Non-operating gains and losses other than above	3,882,745.51	2,614,994.30	-2,469,484.39	
Less: Income tax effects	8,012,841.86	11,733,737.26	13,296,016.08	
Less: Non-controlling interests effects (net of tax)	-289,552.35	-2,184,883.57	394,828.83	
Total	44,468,747.87	39,458,000.09	50,473,618.60	--

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 8.49 million tonnes of feed in 2017, representing approximately 4.3% 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 and Forbes "Top 50 Listed Companies in Asia".

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 decreased by 0.85% from the beginning of the period.
Fixed assets	During the reporting period, the company's fixed assets increased by 20.81% 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 39.55% from the beginning of the period, which was mainly due to the consolidation of newly acquired enterprises' intangible assets and the increase in land use rights as a result of the expansion of production scale.
Construction in progress	During the reporting period, the construction in progress of the Company increased by 58.65% 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

In 2017, the domestic economy was stable as a whole and has shifted from a high-speed growth stage to a high-quality development stage. Consumption has grown in a faster and better way and become the main driving force for economic growth and the mainstay to support the economy. The stabilization of economic recovery and consumption upgrade drove the overall upgrade of the entire farming industry.

In 2017, the overall development of the animal production industry was still in good conditions with obvious adjustments to the industrial structure. There was a very evident trend of large -scale, factory-like, healthy and safe, and characteristic agriculture development. The consumption power was strong. However, the periodical effects of sporadic factors including epidemic diseases on individual farming varieties as well as the impact of stricter environmental management requirements and executive standards on the farming scale and regional changes have led to greater differences in the aquatic products, pig and poultry farming industries.

In 2017, the aquaculture industry had the highest degree of prosperity. Due to the sluggish price of fish in the past few years, the willingness for farming has continued to decline and supply growth has lagged behind the growth in demand. Because of environmental protection, the cage farming areas along the coasts and lakes have been reduced or cleared up, and restrictions or bans on farming have forced some farmers to permanently withdraw from the market. In addition, the floods in central and eastern China in 2016 caused a significant reduction in the supply of aquatic products in 2017, and thus the prices of aquatic products were relatively good throughout the year. At the end of 2017, the average prices of carp, silver carp, grass carp, and crucian increased by 1.1%, 12.5%, 7.0% and 1.3% year-on-year, respectively (data source: Ministry of Commerce), which promoted the increase in enthusiasm of farmers for feeding, and there was a strong will to increase investment in animal healthcare and other aspects, which ultimately harvested good farming benefits.

After pig price experienced a high level in 2016, pig price declined overall in 2017, showing a trend of descending from the high level at the early period. The average price of pig for the whole year was RMB15.37 / kg, representing a year-on-year decrease of 17.45% (data source: Ministry of Agriculture); for pig farmers, pig farming was still profitable in 2017, but the profitability was significantly lower than that in 2016. However, the large -scale development of pig farming developed at a very rapid pace. Large-scale enterprises have substantially increased their investment in pig farming. The trend of regional migration of pig farming was also very clear towards northern and western China. Since large -scale enterprises are more rational in making decisions on production and the decision cycle is longer, the fluctuation of pig farming scale will decrease in the future.

In the first half of 2017, poultry farming was severely hit by the outbreak of H7N9 epidemic disease. The price of eggs and poultry meat once fell to the lowest level in nearly 10 years and the last 3 years. In the first half of the year, the overall loss of the poultry farming industry was serious; in the second half of the year, poultry farming was also subject to further regulation under environmental protection policies. With the continuous decrease in the farming output and slaughtering and supply amount dropped, the price of poultry and eggs recovered and the profitability of farming improved rapidly.

In 2017, there was sufficient supply of raw materials for bulk agricultural products with price rise and fall alternating in the year, and the overall situation was still at a historically low level. Soybean meal price continued to drop in the context of global soybean high yield expectations in the first half of the year and began to rise in the second half of the year. The price of soybean meal fluctuated and was at a lower level. The year 2017 was the second year for the reform of the corn collection and storage system. In terms of supply, the planting area continued to decrease, resulting in a decrease in output, and the demand showed a slow growth. The price of corn rose in 2017 after reaching a low level in 2016, but the price for the whole year was at the lowest level in the past decade.

(II) Production and operation of the Company

During the reporting period, the Company operated in a good condition, achieving better results of sales volume and profit. The operating revenue amounted to RMB 32,556.63 million, representing a year-on-year increase of 19.76%; the operating income was RMB 1,475.87 million, up by 47.00% year-on-year; the total income increased by 41.96% year-on-year to RMB1,482.06 million; the net income attributable to the shareholders of the Company reached RMB 1,207.23 million, representing a year-on-year increase of 41.06%. All business segments maintained steady growth.

1. In the reporting period, the Company sold 8.49 million tonnes of feed, representing a year-on-year increase of 15.77%; sales revenue amounted to RMB 26,534.95 million, up 22.43% year-on-year and the gross profit margin increased by 1.86 percentage points over the same period of last year. With the high growth of sales volume and profit, the product mix optimizes continuously, the proportion of high-end products increased and profitability was further enhanced.

(1) The sales volume of aquatic products increased by 22.72% year-on-year. The industry chain had clear competitive advantages. The product structure was continuously optimized and the gross profit margin of products increased significantly. The Company continued to make investments in the industrial chain of aquaculture and formed its competitive advantages in terms of key aspects including seedlings, feed, animal healthcare and technical services. It engaged in differentiated competition in the industry chain to maintain industry-leading competitive advantages and higher product gross profit. During the reporting period, the domestic consumption of aquatic products was significantly upgraded, and the high-value aquatic products consumer market and farming market experienced significant growth. With the technological advantages in high-grade aquatic feed, the Company's sales volume increased rapidly, of which the sales of high-grade expanded feed increased by more than 40% throughout the year and the gross profit margin increased by 4.5 percentage points. In addition, benefited from the higher price prosperity of aquatic products, the profits of bulk aquatic products farming were considerable, and farmers favoured high-quality and high-efficiency feed varieties; the Company continued to upgrade its products and continuously increased the sales ratio of high-margin products and functional feeds. The aquatic feed saw an increase in both sales volume and gross profit margin. During the reporting period, the gross profit margin of aquatic feed increased by 4.1 percentage points as a whole and profitability was greatly enhanced.

(2) Sales volume of pig feed increased by 31.94% year-on-year with a stable gross margin, and will enter a high-speed development period. During the reporting period, the national environmental protection policies further promoted structural adjustment to the pig farming industry, small private farmers accelerated their exit from the market, and large-scale farmers and industrialized enterprises accelerated development; as the Company adhered to the strategic positioning of products and unremittingly pursued product power based on technology, purchase, and research and development, the effects of product power of the Company's pig feed were reflected in a more obvious way in respect of large -scale farmers. Meanwhile, with the continuous expansion of pig farming scale of the Company, the Company gained a profound understanding of pig farming. The farming technology service system was in the stage of implementation and promotion and the product force advantages of pig feed were more prominent. On the basis of original advantages, the Company has been actively deploying capacity in new markets for development of business including Central China, Northwest China, Northeast China and overseas markets, as well as constantly converted new technologies and products in the industrial chain of animal healthcare for livestock and poultry, vaccines and farming into competitive advantages. The Company's pig feed business will enter a period of high-speed growth.

(3) The sales of poultry feed increased by 7.78% year-on-year. Although the gross profit margin is under pressure, there is still potential for development. In the first half of the year, due to the outbreak of H7N9 epidemic disease in China, the overall live poultry market was weak and prices remained low. The price of eggs affected by multiple factors including epidemic disease, moulting and supply also fell to the lowest level in nearly a decade. As both poultry for meat and poultry for egg have long been in serious losses, the demand for poultry feed has dropped significantly. In light of the fierce competition and the market downturn, the Company has relied on the leading technical advantages to convert the technology research and development into product force and has introduced new products to improve product competitiveness; at the same time, by virtue of the Company's professional purchase capacity and efficient operational efficiency and four-in-one linkage mechanism, the sales of the Company's poultry feed maintained stable growth and the market share further increased. With the recovery of the farming industries of poultry for meat and poultry for egg, the Company's poultry feed will have a

larger room for growth.

2. The sales of animal healthcare products amounted to RMB 395.03 million, representing an increase of 37.48% year-on-year, and the gross profit margin was 49.73% which continued to stabilize at about 50%. The animal healthcare products for livestock and poultry have become a new growth point.

The Company's animal healthcare products include micro-ecological products, vaccines and veterinary drugs used for aquatic products and livestock and poultry and currently are mainly for aquatic products.

With the improvement of farmers' professional level and the tightening of national food safety regulation, the importance of raising farming efficiency by using animal healthcare products to improve the farming environment has been increasingly accepted and recognized by farmers, and the farming benefits as promoted by the Company's micro-ecological agents have been gradually reflected among farmers. Driven by consumption upgrade and the increment of the high-end aquaculture market, the market space for aquatic product protection products will maintain stable growth.

With the continuous development of animal healthcare products for livestock and poultry, the application of new research and development achievements including eco-friendly micro-ecological biochemicals, and the in-depth development of quality services, the animal healthcare products will strongly boost services and help sustainable management of channels and have become an important profit growth point for the Company.

3. The sales of agricultural products amounted to RMB 1,206.31 million, representing an increase of 33.34% over the same period of last year. The Company's agricultural products business includes pig farming and sales of aquatic seedlings.

The number of Company's slaughter pig was 460,000, representing an increase of 43% over the same period of last year. During the reporting period, the Company adjusted the strategic layout and core work of the pig feeding segment in a timely manner in light of market changes and environmental protection policies. Externally, the Company accelerated the land layout in Southern China, Central China, Southwest China and other areas and has already signed strategic cooperation agreements with the governments of Guangxi, Guizhou, Hunan, Hubei, Shaanxi, etc. striving to rapidly acquire the land resources required for development in the coming years. Internally, the Company focused on reducing the cost of farming, training talent team and creating farming technology system. During the reporting period, the Company's basic capacities for further plan and layout as well as operation of pig farming business were promoted simultaneously and good results have been achieved.

The quality of the Company's seedlings was excellent, giving rise to stable revenue growth. In many regions and in respect of many varieties, the excellent quality rapidly drove the sales growth of the Company's aquatic feed. The Company continued to upgrade the system in various aspects including parent shrimp management, water treatment, feed supply, biological epidemic prevention, quality control, and personnel management, and achieved major technological breakthroughs in autonomous farming. The quality of shrimp disease resistance continued to increase. The survival rate and output volume have shown obvious advantages, and good market reputations have been established in the main major farming areas in Eastern China, Northern China, and Southern China. After more than ten years of research and development and meticulous cultivation, the Company's fish species including grass carp, tilapia, crucian, bream, pelteobagrus eupogon and snakehead have gained market recognition.

4. The sales of trading business totalled RMB 4,353.76 million, representing a year-on-year increase of 2.17%.

The Company's trading business products are mainly feed ingredients and gradually extend to other related products. After years of industrial focus development, the Company has achieved full centralized procurement of bulk agricultural products and formed strong purchase cost advantages through large -scale spot purchase combined with the application of futures, options and other instruments which also provide important support for the Company's product competitiveness and profitability. In recent years, while satisfying internal demands for production raw materials, the Company has extended its purchase advantages to other peer feed companies, raw material traders, and large-scale farmers. The expertise in judgment on raw material market conditions and the professional advantages of centralized purchase have been directly converted into the Company's earnings and become the Company's new profit growth point.

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

	2017		2016		Increase/decrease
	Amount	% of revenue	Amount	% of revenue	
Total operating revenue	32,556,634,127.38	100%	27,185,309,985.32	100%	19.76%
By industry					
Feed industry	31,350,326,470.87	96.29%	26,280,649,751.56	96.67%	19.29%
Farming industry	1,206,307,656.51	3.71%	904,660,233.76	3.33%	33.34%
By product					
Sales of feed	26,534,947,550.95	81.50%	21,673,873,678.25	79.73%	22.43%
Sales of animal healthcare products	395,033,183.99	1.21%	287,340,897.65	1.06%	37.48%
Sales of agricultural products	1,206,307,656.51	3.71%	904,660,233.76	3.33%	33.34%
Trading business	4,353,761,813.66	13.37%	4,261,344,692.32	15.67%	2.17%
Others	66,583,922.27	0.21%	58,090,483.34	0.21%	14.62%
By region					
Southern China	21,435,646,148.66	65.84%	18,185,227,200.58	66.89%	17.87%
Eastern China	4,541,380,412.75	13.95%	3,068,502,222.74	11.29%	48.00%
Northern China	6,882,406,834.60	21.14%	4,486,782,547.65	16.50%	53.39%
Central China	7,668,641,426.51	23.55%	6,046,309,086.84	22.24%	26.83%
Overseas	2,418,687,862.14	7.43%	3,013,630,172.30	11.09%	-19.74%
Combined offset	-10,390,128,557.28	-31.91%	-7,615,141,244.79	-28.01%	36.44%

(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	31,350,326,470.87	27,920,191,508.46	10.94%	19.29%	16.82%	1.88%

Farming industry	1,206,307,656.51	1,059,387,183.96	12.18%	33.34%	46.14%	-7.69%
By product						
Sales of feed	26,534,947,550.95	23,468,493,455.70	11.56%	22.43%	19.90%	1.86%
Sales of animal healthcare products	395,033,183.99	198,573,484.79	49.73%	37.48%	31.80%	2.17%
Sales of agricultural products	1,206,307,656.51	1,059,387,183.96	12.18%	33.34%	46.14%	-7.69%
Trading business	4,353,761,813.66	4,229,945,384.53	2.84%	2.17%	1.90%	0.26%
By region						
Southern China	21,435,646,148.66	18,957,595,573.59	11.56%	17.87%	16.98%	0.68%
Eastern China	4,541,380,412.75	4,160,666,861.55	8.38%	48.00%	47.30%	0.43%
Northern China	6,882,406,834.60	6,502,468,671.11	5.52%	53.39%	52.65%	0.46%
Central China	7,668,641,426.51	7,159,492,089.72	6.64%	26.83%	24.23%	1.95%
Overseas	2,418,687,862.14	2,159,967,320.72	10.70%	-19.74%	-24.43%	5.54%

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	2017	2016	Increase/decrease
Feed industry	Sales	10,000 tonnes	849.08	733.43	15.77%
	Production output	10,000 tonnes	855.89	737.89	15.99%
	Inventories	10,000 tonnes	17.36	10.55	64.55%

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

☒ Applicable ☐ Not applicable

During the reporting period, the growth rate of the Company's production output and sales was basically the same, with a sales-output ratio of 99.20%. As the Company's feed kept a stable growth during the reporting period, the inventories as at the end of the period increased accordingly, and the total feed inventory at the end of the period increased by 64.55% year-on-year.

(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	2017		2016		Increase/decrease
		Amount	% of operating costs	Amount	% of operating costs	
Feed industry	Material costs	26,732,784,022.65	95.75%	22,856,462,187.38	95.63%	16.96%
Feed industry	Labour costs	312,782,570.85	1.12%	270,522,591.59	1.13%	15.62%
Feed industry	Manufacturing	775,075,975.45	2.77%	662,615,654.20	2.77%	16.97%

	expenses					
Feed industry	Others	99,548,939.51	0.36%	110,894,637.38	0.46%	-10.23%
Total of feed industry		27,920,191,508.46	100.00%	23,900,495,070.55	100.00%	16.82%
Farming industry	Material costs	881,166,875.53	83.18%	587,876,311.29	81.10%	49.89%
Farming industry	Labour costs	119,219,016.89	11.25%	104,388,495.81	14.40%	14.21%
Farming industry	Manufacturing expenses	59,001,291.54	5.57%	32,656,275.69	4.50%	80.67%
Total of farming industry		1,059,387,183.96	100.00%	724,921,082.79	100.00%	46.14%

Unit: RMB

By product	Item	2017		2016		Increase/decrease
		Amount	% of operating costs	Amount	% of operating costs	
Sales of feed	Material costs	22,399,293,007.64	95.45%	18,652,890,562.34	95.30%	20.08%
Sales of feed	Labour costs	305,549,069.49	1.30%	265,909,061.19	1.36%	14.91%
Sales of feed	Manufacturing expenses	763,651,378.57	3.25%	654,079,214.84	3.34%	16.75%
Total sales of feed		23,468,493,455.70	100.00%	19,572,878,838.37	100.00%	19.90%
Sales of animal healthcare products	Material costs	179,915,386.55	90.61%	137,513,433.40	91.27%	30.83%
Sales of animal healthcare products	Labour costs	7,233,501.36	3.64%	4,613,530.40	3.06%	56.79%
Sales of animal healthcare products	Manufacturing expenses	11,424,596.88	5.75%	8,536,439.36	5.67%	33.83%
Total sales of animal health products		198,573,484.79	100.00%	150,663,403.16	100.00%	31.80%
Sales of agricultural products	Material costs	881,166,875.53	83.18%	587,876,311.29	81.10%	49.89%
Sales of agricultural products	Labour costs	119,219,016.89	11.25%	104,388,495.81	14.40%	14.21%
Sales of agricultural products	Manufacturing expenses	59,001,291.54	5.57%	32,656,275.69	4.50%	80.67%
Total sales of agricultural products		1,059,387,183.96	100.00%	724,921,082.79	100.00%	46.14%
Trading business	Material costs	4,153,575,628.46	98.19%	4,066,058,191.64	97.95%	2.15%
Trading business	Purchase expenses	76,369,756.07	1.81%	85,209,446.45	2.05%	-10.37%
Total of trading business		4,229,945,384.53	100.00%	4,151,267,638.09	100.00%	1.90%
Others	Sales costs	23,179,183.44	100.00%	25,685,190.93	100.00%	-9.76%

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

☒ Yes ☐ No

During the year, the scope of consolidation included 228 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 76 and reduced by 6 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)	1,927,259,444.48
Total sales to top 5 customers as a percentage of the total sales for the year	5.92%
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	523,699,681.50	1.61%
2	No. 2	514,325,790.42	1.58%
3	No. 3	481,912,258.93	1.48%
4	No. 4	326,259,909.91	1.00%
5	No. 5	81,061,803.72	0.25%
Total	--	1,927,259,444.48	5.92%

Other explanation of major customers

☒ Applicable ☐ Not applicable

The Company recognised the amount of revenue according to the full amount method or net amount method based on the transaction with customers. 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 5.92% 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)	2,281,220,790.33
Total purchases from top 5 suppliers as a percentage of the total purchases for the year	8.29%
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	617,747,769.91	2.24%

2	No. 2	488,396,524.32	1.77%
3	No. 3	425,671,721.61	1.55%
4	No. 4	408,902,304.80	1.49%
5	No. 5	340,502,469.69	1.24%
Total	--	2,281,220,790.33	8.29%

Other explanation of major suppliers

✓ Applicable ☐ Not applicable

The Company recognised the amount of revenue according to the full amount method or net amount method based on the transaction with suppliers. 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 8.29% of total annual sales. The Company's sales revenue does not depend on single or top five suppliers.

3. Expenses

Unit: RMB

	2017	2016	Increase/ decrease	Reasons for material changes
Selling and distribution expenses	1,070,474,010.85	761,033,415.86	40.66%	Mainly due to the expansion of the Company's operating scale, new production capacity being put into operation and new products being put into the market, and the increase in sales service personnel and their salary and market development costs
General and administrative expenses	1,047,237,762.73	756,304,596.69	38.47%	Mainly due to the expansion of the Company's operating scale, the increase in management personnel and their salary and the Company's continuous increase in investment in research and development
Finance expenses	80,452,779.18	70,268,699.78	14.49%	Mainly due to the increase in interest expenses as a result of the increase in short-term borrowings and the interests thereon

4. Research and development expenditure

✓ Applicable ☐ Not applicable

I. The Company owns a state-certified enterprise technology center, and has been recognized by the national, provincial, and municipal departments as the research and development sub-center for national feed processing technology, Guangdong Key Engineering Technology Research and Development Center, Guangdong Innovative Technology Enterprise, Guangdong Agricultural Science and Technology Innovation Center, and Guangdong New Type Research and Development Institution, etc. The Company has formed a domestic first-class enterprise technology innovation system and its core competitiveness through independent research and development, technology introduction, transformation of scientific and technological achievements, cooperation of production, teaching and research, and other means.

1. In respect of research and development team, as at the end of the reporting period, the Company had a research and development team composed of more than 1,000 members. Due to the reasonable structure of talent team, perfect incentive mechanism and continuous introduction of first-class research and development talents, the Company has built a high-level technology innovation team led by leading experts and based on the Company's self-owned scientific research team. The Company has approved the construction of "Haid Central Research Institute" which will further reorganize and rationalize existing resources on the basis of the existing Haid

Research Institute and further increase research and development investment and personnel training efforts, and build a more efficient management mechanism and operating mechanism to tackle the basic, critical, forward-looking and emergent technical problems confronted by the Company and in the industry. It will become the Company's future core technology "incubator" and the "birthplace" of scientific and technological achievements. In the future, it will further guide and assist branches and subsidiaries in positioning design of new products and provide strategic services for the long-term development of the Company. It is an important support for the Company to carry out technical reserves, enhance the development stamina, and form new economic growth points and prompt the Company to further maintain competitiveness and industry leading level, leading to more domestic and foreign leading high-tech achievements, to help the Company achieve the great goal of "becoming a globally leading agricultural and pastoral enterprise" and further promote the rapid progress and development of the farming industry in our province and even the whole country.

2. In terms of research and development investment, during the reporting period, the Company invested a total of RMB 258 million in research and development, accounting for 0.79% of the Company's revenue and 21.40% of the Company's net income for the current period. The Company rewards key technicians and scientific research management personnel who have made outstanding contributions in the process of technological innovation; encourages key scientific research personnel to apply advanced technologies to break through research and development bottlenecks and ensure that technological innovation has a good environment and power source.

3. The Company's core innovative technologies. With the mission of "prospering agriculture and transforming rural China through relying on science and technology", the Company adheres to independent innovation and carries out nearly one thousand independent research and development experiments each year. Based on the development characteristics of modern agriculture and the current difficulties and challenges faced by farming environment, the Company carried out research centering on the "animal nutrition, disease prevention and control, high-quality seed, animal healthcare products, healthy farming programs, and product optimization and upgrading" and other aspects, established its own technologies, and transformed achievements in branches and subsidiaries. The Company's core innovative technologies include:

(1) Selective breeding: The Company has developed a family selective breeding technology system for aquatic animals including grass carp, tilapia, *Penaeus vannamei*, and *pelteobagrus eupogon* and a variety of fish gynogenesis technology and sex control technology systems, and established a breeding database. After many generations of breeding, many varieties have achieved remarkable results in terms of economic traits (such as growth rate, survival rate, body type, single sex, etc.), and new products have rapidly occupied most of the markets in Eastern China, Central China, and Southern China with good response. The technological level is leading domestically.

Over the years, the Company has been actively engaged in research and development of breeding with well-known fisheries academies in China and has produced a number of fine varieties of which, three fine varieties were announced in April 2017 by the Ministry of Agriculture as new species of aquatic products:

1) *Megalobrama amblycephala* "Huahai No. 1" is bred using the technologies of family selective breeding, group selective breeding and paternity test for fish after 4 consecutive generations of breeding with the 680 groups of wild *megalobrama amblycephala* collected from Liangzi Lake and Yuni Lake in Hubei and Poyang Lake in Jiangxi in 2007 to 2008 as the base groups and growth speed and survival rate as the target traits. Under the same breeding conditions, compared to *megalobrama amblycephala* not subject to selective breeding, the growth speed and survival rate of 1 old fish improved by over 24% and over 22%, respectively; the growth speed and survival rate of 2 years old fish improved by over 22% and over 20%, respectively. It is suitable for breeding in fresh water bodies that are controllable manually throughout the country.

2) *Litopenaeus vannamei* "Haixingnong No. 2" is bred using the technologies of BLUP (best linear unbiased prediction) selective breeding technology after 5 consecutive generations of breeding with the 8 batches of *litopenaeus vannamei* introduced from Hawaii, Florida and Guam of the United States and Singapore in 2020 to 2011 as the base groups and growth speed and survival rate as the target traits. Under the same breeding conditions, compared to shrimp seeds not subject to selective breeding and certain imported shrimp seeds, the growth speed and survival rate of 100 days old *litopenaeus vannamei* improved by over 11% and over 13%, respectively. It is suitable for breeding in artificially controllable seawater and brackish water bodies throughout the country.

3) *Changzhu hybrid siniperca chuatsi* is the F1 generation bred with the female *siniperca chuatsi*, which are fished from Dongting Lake and have undergone 4 generations of group selective breeding, as the female parent and the male *siniperca scherzeri*, which are fished from Pearl River and have undergone 2 generations of group selective breeding, as the male parent. Under the same culture conditions, the average survival rate of 7-month-old fish is 20% higher than that of female parent *siniperca chuatsi*, and the average body weight of 7-month-old fish was 3.2 times that of male parent *siniperca scherzeri*. It is suitable for breeding in the artificially controllable fresh water bodies in the Pearl River and Yangtze River basins in China.

(2) Development of new types of raw materials and alternative technologies: Based on the search for new types of raw materials and the processing and improvement of new types of raw materials, as well as the research on amino acid balance and activity factors, a low fish meal formula technology has been realized on aquatic animals and been granted a number of national invention patents. The related technology won the second prize for national technological invention, the national harvest prize for agriculture, animal husbandry and fishery, and has reached the international leading technology level.

(3) Development of functional additives: Independent innovation was carried out in terms of enzyme preparations, Chinese herbal medicines, micro-organisms, fish cream, small peptides, and amino acid utilization technologies, and a number of patented technologies were obtained, and the Company presided over the preparation of the industry standard Feedstuff Fish Cream (饲料原料鱼浆), and the enzymic preparation won the second prize of the Guangdong Provincial Science and Technology Award and has reached the domestic leading technology level.

(4) Disease prevention and control: A comprehensive basic research has been conducted on aquatic products, animal pathogens and pathology of livestock and poultry, and a series of disease prevention and control technology programs have been established, leading the domestic technology level.

(5) Accurate premixture and feeds: Based on different farming models, farming species, the Company has established a scientific nutrition database for aquatic products, livestock and poultry and developed a series of precision premixture and compound feeds to provide comprehensive nutrition and ensure energy conservation and environmental protection. The technical level of aquatic products has reached the international leading level, and the technical level of livestock and poultry has reached the domestic leading level.

As at the end of the reporting period, the Company had a total of 232 patents, including 145 invention patents, 82 utility model patents, and 5 exterior design patents, relating to the development and utilization technologies for new raw materials, the application technologies for functional feed additives, the energy conservation and environment protection feed formulas for aquatic products, livestock and poultry and preparation methods thereof, animal disease control methods for aquatic products, livestock and poultry, etc. Through accumulation in more than ten years of continuous research and development, the Company has established a large database of animal nutrition needs, which stores a variety of raw material formula technologies and over a thousand groups of comparative experimental results accumulated each year. Therefore, the Company has the capacity to rapidly adjust formula and convert technology into productivity when raw material prices fluctuate and continuously upgrade products to provide farmers with more advanced farming solutions and overall solutions to ensure the farming income of farmers.

II. Based on the continuous increase in its research and development investment, the Company has also actively undertaken a number of national and provincial-level scientific research projects including: 47 research projects underway including national special development project of strategic emerging industry, national comprehensive experimental station for shrimp industrial technology, public welfare project of National Oceanic Administration, the construction of the Guangdong Provincial Academician Workstation, the important project of the Guangdong Provincial Science and Technology Department, and the modern agricultural science and technology innovation alliance construction project of Guangdong Provincial Department of Agriculture. The development of the projects not only promoted the technical progress of the industry, but also improved the theoretical and technical level of the research and development personnel.

1. Guangdong Provincial Academician Workstation

The project Guangdong Provincial Academician Workstation was approved in December 2012. The Company invited Maohua Wang, an academician from China Agricultural University, Xiwen Luo, an academician from

South China Agricultural University, and Haoran Lin, an academician from Sun Yat-Sen University, to settle in the station. Following the principle of "business needs-based, project construction as the core, enterprise development as the main part, outcome and effectiveness as fundamental", the Company has developed a top-level design scheme and conducted joint research to complete the research of "establishment of platform, introduction of achievements, cultivation of talents, construction of base" and achieved a batch of innovation results for intelligent management of aquatic products of leading domestic level, and transformation and application the achievements in the Company.

In June 2017, Guangdong Provincial Science and Technology Department organized relevant experts to conduct meeting acceptance for the construction project of Guangdong Provincial Academician Workstation, i.e. the Internet of Things Technology Based Intelligent Aquaculture System Academician Workstation of Guangdong Haid Group (广东省海大集团基于物联网技术的智能水产养殖系统院士工作站). Through on-site report and discussion, the expert team fully affirmed the academician workstation established by the Company and the results obtained, and unanimously voted to pass the project acceptance. This indicates that the Company has successfully completed the academician workstation construction project after more than four years! The smooth implementation of the project has ensured the Company's leading position under the development trend of "Smart Agriculture" and indirectly promoted the information-based development of farming industry in Guangdong Province!

2. The Company's Postdoctoral Workstation

The establishment of postdoctoral workstation was approved by the Office of National Postdoctoral Management Committee in May 2007. At present, the Company has cooperated with Ocean University of China, Institute of Hydrobiology, Chinese Academy of Sciences, Sun Yat-Sen University and other universities or scientific research institutes in recruitment of 19 post-doctors. So far, 9 post-doctors have completed their research and left the workstation and 10 are still in the workstation. It is the postdoctoral workstation with the largest number of recruitment and the most complete management. The establishment of the postdoctoral workstation not only improves and enriches the personnel training mechanism, but also increases peer-to-peer learning, expands project collaboration and results output, and enhances service management. In addition, it has important practical significance for promoting the gathering and cultivation of high-level talents and stimulating the innovative development of industry.

3. Guangdong Modern Agricultural Science and Technology Innovation Center

In October 2017, the Company's "Guangdong Haid Grass Carp Technology Innovation Center (Base)" and "Guangdong Haid Veterinary Biological Products Science and Technology Innovation Center (Base)" were recognized by Department of Science and Technology of Guangdong Province as modern agricultural innovation platforms of Guangdong Province. The purpose of construction of Guangdong Modern Agricultural Science and Technology Innovation Center is to improve the province's agricultural science and technology innovation system, strengthen the construction of agricultural science and technology innovation platform, integrate superior innovation resources, cultivate superior innovation teams, and enhance the independent innovation capability of agricultural science and technology. This time, the Company was selected as one of the first modern agricultural science and technology innovation centers of Guangdong Province, which is the result of years of continuous improvement in the scientific research level of the Company.

(1) "Guangdong Haid Grass Carp Technology Innovation Center (Base)" is mainly based on grass carp as the priority industry in Guangdong Province and the main product of the Company's research and development, production and sales for many years. It has the largest market share in Guangdong Province and is also obtained by the Company, based on the market, after obtaining a number of intellectual property rights, high-tech products, brand-name products, national standards and other research and development results in many years of independent research and development. The center will also focus on resolving the key common problems involved in seedling farming, feed nutrition, disease prevention and control, and farming technology through the optimization and innovation of resources to continuously improve product technology and service capabilities.

(2) "Guangdong Haid Veterinary Biological Products Science and Technology Innovation Center (Base)" is the Company's another provincial-level scientific and technological innovation platform after being awarded the title of "Guangdong New Type Research and Development Institution". The platform will always focus on animal

disease detection, research and development of new vaccines and research and development of veterinary immune adjuvants, etc., The center will engage in the research and development of animal diseases related biological products, incubating more independent intellectual property rights and self-owned brands for enterprises, training and introducing more outstanding high-end talents, and creating frontier agricultural science and technology research and development centers to promote the development of livestock and poultry farming industry of Guangdong Province.

4. Key Laboratory for Micro-Ecological Resources for farming and Utilization of Ministry of Agriculture

In December 2017, the Company was awarded the title of "Key Laboratory for Micro-Ecological Resources for Farming and Utilization of Ministry of Agriculture", another national science and technology innovation platform following the National Enterprise Technology Center . It is also the sole enterprise key laboratory in this direction of the field set up rely on enterprise. The laboratory will further expand the infrastructure construction, increase research and development investment, accelerate the construction of a talent team, and carry out basic research on application and innovation of frontier technology. It will solve major, key and common technological problems that restrict the development of the industry, create a good scientific research atmosphere, and conscientiously implement the "open, flow, cooperative and sharing" operating mechanism to actively promote the exchange and cooperation between enterprises, promote the transformation of scientific and technological achievements, and constantly enhance the ability of independent innovation and core competitiveness of enterprises, thus to promote the common development and progress of agricultural science and technology.

Research and development expenditure of the Company

	2017	2016	Percentage change
Research and development headcount	1,089	947	14.99%
Ratio of research and development personnel	7.19%	7.58%	-0.39%
Research and development expenditure (RMB)	258,307,038.10	196,130,256.16	31.70%
Research and development expenditure to revenue	0.79%	0.72%	0.07%
Capitalized amount of research and development expenditure (RMB)	9,066,389.79	26,748,847.59	-66.11%
Capitalized research and development expenditure to research and development expenditure	3.51%	13.64%	-10.13%

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	2017	2016	Increase/decrease
Subtotal of cash inflows from operating activities	33,674,711,087.06	28,175,942,178.59	19.52%
Subtotal of cash outflows from operating activities	33,180,489,631.21	27,033,787,630.86	22.74%

Net cash flows from operating activities	494,221,455.85	1,142,154,547.73	-56.73%
Subtotal of cash inflows from investing activities	5,838,680,823.75	3,766,376,069.79	55.02%
Subtotal of cash outflows from investing activities	6,910,126,307.27	4,762,729,368.54	45.09%
Net cash flows from investing activities	-1,071,445,483.52	-996,353,298.75	-7.54%
Subtotal of cash inflows from financing activities	4,444,218,932.29	2,626,566,616.07	69.20%
Subtotal of cash outflows from financing activities	4,017,826,193.07	2,383,634,916.72	68.56%
Net cash flows from financing activities	426,392,739.22	242,931,699.35	75.52%
Net increase in cash and cash equivalents	-162,818,229.01	405,440,041.65	-140.16%

Explanation on main effects of material changes

✓ Applicable ☐ Not applicable

1. Net cash flows from operating activities decreased by 56.73% as compared to the corresponding period of the prior year mainly due to the expansion of the Company's scale and the increase in raw material stocking as a result of procurement strategy adjustments;

2. Net cash flow from investing activities decreased by 7.54% as compared to the corresponding period of the prior year mainly due to the expansion of the Company's scale and the increase in asset investment and the use of futures margin;

3. Net cash flows from financing activities increased by 75.52% as compared to the corresponding period of the prior year mainly due to the increase in short-term borrowings and the granted restricted shares subscribed by employees 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 494.22 million, which was RMB 732.24 million less than the net income. 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 2017		As at the end of 2016		Percentage change	Description of major changes
	Amount	As a percentage of total assets	Amount	As a percentage of total assets		
Monetary assets	1,392,046,440.33	10.58%	1,544,038,368.64	15.01%	-4.43%	At the end of the period, the percentage in total assets decreased by 4.43%, which was mainly due to the increase in the scale of the Company's operations, payment for raw materials, and investment funds.
Accounts receivable	760,285,344.09	5.78%	575,469,413.38	5.59%	0.19%	At the end of the period, the percentage in total assets increased by 0.19%, which was basically the same with that

						at the end of the same period of the previous year
Inventories	3,383,848,292.19	25.71%	2,057,360,267.29	20.00%	5.71%	At the end of the period, the percentage in assets increased by 5.71%, mainly due to the increase in the Company's raw material stocking
Investment properties	78,309,684.87	0.60%	78,797,688.32	0.77%	-0.17%	At the end of the period, the scale of investment properties was basically the same with that at the end of the same period of last year, with no significant change in the percentage in assets
Long-term equity investments	32,554,508.11	0.25%	14,655,965.08	0.14%	0.11%	At the end of the period, the percentage in total assets increased by 0.11% as compared with the beginning of the period, which was caused by the increase in investment due to the acquisition of Shandong Daxin Group
Property, plant and equipment	3,760,863,514.36	28.58%	3,112,968,819.59	30.26%	-1.68%	At the end of the period, there was no significant change in the percentage in assets. Compared with the beginning of the period, the increase was mainly due to the projects under construction being completed, put into production and converted into fixed assets, the increase in purchase and construction of production equipment, and the transfer of fixed assets of newly acquired companies
Construction in progress	331,973,573.26	2.52%	209,254,285.27	2.03%	0.49%	At the end of the period, there was no significant change in the percentage in assets. Compared with the beginning of the period, the increase was mainly due to the expansion of the Company's scale and new capacity construction
Short-term borrowings	2,303,898,763.70	17.51%	1,608,616,105.38	15.64%	1.87%	At the end of the period, there was a year-on-year increase of 43.22%, mainly due to the increase in external investment by the Company and the repayment of principal and interest of matured corporate bonds at the end of 2016, resulting in an increase in the size of short-term borrowings, and there was no significant change in the percentage in assets
Goodwill	294,540,631.48	2.24%	181,675,925.85	1.77%	0.47%	At the end of the period, there was no significant change in the percentage in assets, which was mainly due to that the increased amount of investment in merger and acquisition of companies exceeded the due amount of owner's equity.
Intangible assets	846,002,659.79	6.43%	606,251,777.43	5.89%	0.54%	At the end of the period, there was no significant change in the percentage in assets. Compared with the beginning of the period, the increase was mainly due to the consolidation of intangible assets from newly merged enterprises and the increase in new land use rights due to the expansion of production scale

Explanations on relevant data:

1. Inventories are mainly raw materials for production and trade, and merchandise inventories. The main inventory turnover is normal. Inventory falling price reserves have been sufficiently provided for certain inventory goods whose prices are lower than the

market price.

2. The major assets in 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 294.54 million, representing 4.55% 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. Except that the present value of the future cash flows of the asset group of Vietnam Haixingnon, a subsidiary of the Company, was less than its book value and provision for impairment of goodwill was made, the goodwill of other companies 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	25,129,490.00	-15,528,350.00					9,601,140.00
Subtotal of financial assets	25,129,490.00	-15,528,350.00					9,601,140.00
Total of the above	25,129,490.00	-15,528,350.00					9,601,140.00
Financial liabilities	1,768,330.00	-17,002,979.55					18,771,309.55

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 RMB 17.77 million, which were mainly letter of credit 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
694,684,513.00	259,981,350.00	167.21%

2. Material equity investments during the reporting period

✓ Applicable ☐ Not applicable

Unit: RMB

Name of investee	Principal activities	Form of	Investment amount	Shareholding	Source of fund	Partner(s)	Period of invest	Product type	Progress as at the	Estimated return	Profit or loss from	Law suit is	Date of discl	Disclosure index (if any)
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		invest ment					ment		date of balance sheet		invest ment for the period	invo lved or not	osur e (if any)	
Shandong Daxin Group Co., Ltd.	Sales of feed raw materials, additives; science and technology research, technology promotion, technology development, technical advice, technical services and technical exchanges of livestock and poultry; import and export of goods; foreign investment and management with its own funds.	Acquisition	298,776,000.00	60.00%	Own funds	Fei Xing, Jianbing Liu, Haibo Yu, Yuqin Wang, Xianlai Duan, Mingjun Yang	Long term	Feed	The net income realized by Daxin Group in 2017 was not less than RMB 50 million, the property rights of the assets involved have all been transferred; the claims and debts involved have all been transferred and included in the consolidation on 31 December 2017.	The net income realized by Daxin Group in 2017 was not less than RMB 50 million, the accumulated net income realized in 2017 and 2018 was not less than RMB 105 million, and the accumulated net income realized in 2017 to 2019 was not less than RMB 165 million, and the total net income realized in 2017 to 2020 was not less than RMB 230 million.	0.00	No	15 September 2017	Announcement on the Acquisition of Partial Equity Interests of Daxin Group and External Investment (Announcement No. 2017-076) published in China Securities Journal, Securities Times, Securities Daily and on the website of www.cninfo.com.cn
Total	--	--	298,776,000.00	--	--	--	--	--	--	0.00	0.00	--	--	--

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
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Futures	19,569,140.00	-9,968,000.00					9,601,140.00	Owned funds
Derivative financial assets	5,560,350.00	-5,560,350.00					0.00	Owned funds
Total	25,129,490.00	-15,528,350.00	0.00	0.00	0.00	0.00	9,601,140.00	--

5. Use of proceeds

✓ Applicable ☐ Not applicable

(1) General use of proceeds

✓ Applicable ☐ Not applicable

Unit: RMB0'000

Year	Fundraising method	Total amount of proceeds	Total amount of utilised proceeds during the current period	Total amount of accumulated utilised proceeds	Total amount of proceeds with change in use during the reporting period	Total amount of accumulated proceeds with change in use	Proportion of total amount of accumulated proceeds with change in use	Total amount of unutilised proceeds	Use and status of unutilised proceeds	Total amount of idle proceeds for over 2 years
2013	Private Placement	75,842.63	16,696.15	77,336.3	0	35,696.88	47.07%	0	Not applicable	0
Total	--	75,842.63	16,696.15	77,336.3	0	35,696.88	47.07%	0	--	0

Description of the general use of proceeds

I. Basic information on proceeds

(I) Actual amount of proceeds and the time for funds to be available

As approved by China Securities Regulatory Commission with the Reply on Approval of Non-public Issuance of Shares by Guangdong Haid Group Co., Limited (Zheng Jian Xu Ke [2013] No. 867), Guangdong Haid Group Co., Limited (hereinafter referred to as the "Company") was allowed to issue not more than 100,580,000 shares. In this issuance, the Company actually issued 68,500,000 RMB denominated ordinary shares (A shares) with a par value of RMB 1 per share in a non-public way. The issuance price was RMB 11.34 per share and the total amount of proceeds raised was RMB 776,790,000.00. After deducting the expenses related to the issuance of RMB 18,363,740.44, the actual net proceeds raised amounted to RMB 758,426,259.56. GP Certified Public Accountants Co., Ltd. conducted verification and issued a Verification Report (Guang Kuai Suo Yan Zi [2013] No. 13004060030) for the above-mentioned proceeds on 19 November 2013.

(II) Overall use and balance of proceeds

1. Overall use of proceeds

Unit: RMB 0'000

Item	Amount
I. Total proceeds	77,679.00
Less: Issuance expenses	1,836.37
II. Net proceeds	75,842.63
Accumulated proceeds directly invested in proceeds-financed projects	77,336.30
Including: Accumulated proceeds directly invested in proceeds-financed projects	16,696.15

in the current period	
Accumulated interest income (net of bank charges, etc.)	1,493.67
Including: interest income for the current period (net of bank charges, etc.)	89.49
III. Closing balance of proceeds	0.00

2. Balance of proceeds

As at the end of the reporting period, the closing balance of the proceeds was RMB 0.00.

II. Management of proceeds

In order to standardize the management and use of proceeds and protect the rights and interests of investors, the Company has prepared the Rules on Special Deposit and Use Management of Proceeds of Guangdong Haid Group Co., Limited (《广东海大集团股份有限公司募集资金专项存储及使用管理制度》) in accordance with the Company Law of the People's Republic of China (《中华人民共和国公司法》), the Securities Law of the People's Republic of China (《中华人民共和国证券法》) and the Notice on Further Strengthening the Management of Proceeds from Public Offering by Joint Stock Limited Companies issued by China Securities Regulatory Commission (《中国证监会关于进一步加强股份有限公司公开募集资金管理的通知》) and relevant requirements of the Shenzhen Stock Exchange. In accordance with the requirements of the Management Rules, the Company implemented special deposit for the proceeds, and implemented strict approval procedures for the use of proceeds to ensure that the proceeds were used exclusively. After receipt of proceeds, special accounts were opened for each proceeds-financed project. The Company opened a total of 15 special accounts for proceeds-financed projects, and all the accounts were completed during the reporting period. The information on special accounts for proceeds-financed projects is as follows:

No.	Company name	Bank account	Remarks
1	Hunan Dongting Haid Feed Co., Ltd.	Guangzhou Branch Sales Department of China Bohai Bank Co., Ltd. 2001044947000162	Cancelled
2	Honghu Haid Feed Co., Ltd.	Guangzhou Xinyuan Sub-branch of Ping An Bank 11014679295004	Cancelled
3	Xiangtan Haid Feed Co., Ltd.	Guangzhou Panyu Sub-branch of Bank of Communications 441162949018010049520	Cancelled
4	Sanming Haid Feed Co., Ltd.	Guangzhou Xinyuan Sub-branch of Ping An Bank 11015256711000	Cancelled
5	Jingzhou Haid Feed Co., Ltd.	Guangzhou Xinyuan Sub-branch of Ping An Bank 11014565920000	Cancelled
6	Suqian Haid Feed Co., Ltd.	Guangzhou Xinyuan Sub-branch of Ping An Bank 11014679271002	Cancelled
7	Huaihua Haid Feed Co., Ltd.	Guangzhou Panyu Sub-branch of Bank of Communications 441162949018010049693	Cancelled
8	Anhui Haid Feed Co., Ltd.	Guangzhou Branch of Deutsche Bank (China) Co., Limited 4504411091	Cancelled
9	Yangjiang Haid Feed Co., Ltd.	Guangzhou Branch Sales Department of China Bohai Bank Co., Ltd. 2001044879000167	Cancelled
10	Wuhan Zeyi Investment Co., Ltd.	Guangzhou Xinyuan Sub-branch of Ping An Bank 11014565932001	Cancelled
11	Nantong Haid Bio-Tech Co., Ltd.	Guangzhou Panyu Tian'an Technology Sub-branch of Bank of China 666562249805	Cancelled
12	Guangdong Haid Group Co., Limited	Guangzhou Panyu Tian'an Technology Sub-branch of Bank of China 712062015719	Cancelled

13	Guangdong Haid Group Co., Limited	Guangzhou Panyu Tian'an Technology Sub-branch of Bank of China 650963093733	Special account for wealth management of proceeds, Cancelled
14	Guangdong Haid Group Co., Limited	Tian'an Sub-branch of Guangzhou Rural Commercial Bank 08031098000000098	Special account for wealth management of proceeds, Cancelled
15	Guangdong Haid Group Co., Limited	Guangzhou Panyu Sub-branch of Bank of Communications 441162949018010047648	Special account for wealth management of proceeds, Cancelled

Note 1: The special account (account no.: 712062015719) opened by Guangdong Haid Group Co., Limited with Guangzhou Panyu Tian'an Technology Sub-branch of Bank of China was mainly used to receive funds from various proceeds-financed investment projects and was cancelled after transferring of the proceeds to the special accounts for proceeds of the companies implementing the proceeds-financed investment projects.

Note 2: Due to the completion of the proceeds-financed investment projects, the special accounts of Jingzhou Haid Feed Co., Ltd., Anhui Haid Feed Co., Ltd., Suqian Haid Feed Co., Ltd., Huaihua Haid Feed Co., Ltd., Hunan Dongting Haid Feed Co., Ltd., Honghu Haid Feed Co., Ltd., Xiangtan Haid Feed Co., Ltd., Sanming Haid Feed Co., Ltd. have been canceled.

Note 3: Due to changes in the entity for using proceeds, the proceeds in the special account of Wuhan Zeyi Investment Co., Ltd. have all been transferred to the special accounts for proceeds-financed investment project of Honghu Haid Feed Co., Ltd. and Suqian Haid Feed Co., Ltd., and the special account of Wuhan Zeyi. Investment Co., Ltd. has been cancelled.

Note 4: Due to changes in the entity for using proceeds, the proceeds in the special account of Nantong Haid Bio-Tech Co., Ltd. have all been transferred to the special accounts for proceeds-financed investment project of Xiangtan Haid Feed Co., Ltd. and Huaihua Haid Feed Co., Ltd., and the special account of Nantong Haid Bio-Tech Co., Ltd. has been cancelled.

Note 5: Due to partial changes in the proceeds, the remaining proceeds in the special account of Yangjiang Haid Feed Co., Ltd. have all been transferred to the special accounts for proceeds-financed investment project of Sanming Haid Feed Co., Ltd. and the special account of Yangjiang Haid Feed Co., Ltd. has been cancelled.

Note 6: as considered and approved at the 2015 annual general meeting, Guangdong Haid Group Co., Limited opened a special account (account no.: 650963093733) with Guangzhou Panyu Tian'an Technology Sub-branch of Bank of China and the accumulated income from wealth management have been transferred to the special account for proceeds-financed investment project of Sanming Haid Feed Co., Ltd. Such special account for wealth management has been cancelled.

Note 7: The accumulated income of wealth management in Guangdong Haid Group Co., Limited's special account (account no. 441162949018010047648) with Guangzhou Panyu Sub-branch of Bank of Communications and a special account (account no. 08031098000000098) with Tian'an Sub-branch of Guangzhou Rural Commercial Bank has been transferred to the special account for proceeds-financed investment project of Xiangtan Haid Feed Co., Ltd. The two special accounts for wealth management have been cancelled.

The Company and subsidiaries implementing proceeds financed investment projects have signed the Tripartite Supervision Agreement for Proceeds (募集资金三方监管协议) and the Quartet Supervision Agreement (募集資金四方監管協議) for Proceeds with the sponsor GF Securities Co., Ltd. and the banks with which special accounts for proceeds were opened. There are no major differences between the supervision agreements with the tripartite supervision and quartet supervision agreements entered into with the Shenzhen Stock Exchange. There is no problem with execution of tripartite supervision and quartet supervision agreements.

(2) Commitment of proceeds

✓ Applicable ☐ Not applicable

Unit: RMB 0'000

Committed investment project and excess proceeds	Change in project (including	Total committed investment	Total investment	Invested amount during	Accumulated invested	Investment progress	Expect date of	Return realised during the	Expected return being	Significant change
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	partial change)	of proceeds	after adjustment ⁽¹⁾	the reporting period	amount as at the end of the period ⁽²⁾	as at the end of the Period (3) = (2)/(1)	operation of the project	reporting period	achieved or not	in project
Committed investment project										
Probiotics project of Wuhan Zeyi with the annual output of RMB 300 million (hereinafter referred to as "Wuhan Zeyi Probiotics Project")	Yes	15,037.63				0.00%			Not applicable	Yes
Compound feed project of Nantong Haid with the annual output of 180,000 tonnes (hereinafter referred to as "Nantong Haid Project")	Yes	12,790				0.00%			Not applicable	Yes
Compound feed project of Jingzhou Haid with the annual output of 200,000 tonnes (hereinafter referred to as "Jingzhou Haid Project")	No	10,660	10,660		10,712.34	100.49%	1 January 2015	961.1	Yes	No
Compound feed project of Dongting Haid with the annual output of 200,000 tonnes (hereinafter referred to as "Dongting Haid Project")	No	11,260	11,260	2,013.7	11,282.89	100.20%	30 April 2017	-283.43	No	No
Compound feed project of Yangjiang Haid with the annual output of 200,000 tonnes (hereinafter referred to as "Yangjiang Haid Project")	Yes	11,660	4,234.67		4,234.67	100.00%	31 March 2016	726.72	Yes	Yes
Compound feed project of Anhui Haid with the annual output of 240,000 tonnes (hereinafter referred to as "Anhui Haid Project")	No	14,435	14,435		14,493.46	100.40%	31 December 2016	486.96	Yes	No
Compound feed project of Honghu Haid with the annual output of 220,000 tonnes (hereinafter referred to as "Honghu Haid Project")	No		9,527.36	2,602.02	9,601.19	100.77%	30 June 2017	436.9	Yes	No

Compound feed project of Suqian Haid with the annual output of 200,000 tonnes (hereinafter referred to as "Suqian Haid Project")	No		5,510.27		5,620.71	102.00%	31 December 2016	-19.93	No	No
Compound feed project of Xiangtan Haid with the annual output of 240,000 tonnes (hereinafter referred to as "Xiangtan Haid Project")	No		7,390	4,927.42	8,027.81	108.63%	30 June 2017	-384.31	No	No
Compound feed project of Sanming Haid with the annual output of 200,000 tonnes (hereinafter referred to as "Sanming Haid Project")	No		7,869.25	5,299.64	7,917.9	100.62%	31 December 2017	-306.68	Not applicable	No
Compound feed project of Huaihua Haid with the annual output of 240,000 tonnes (hereinafter referred to as "Huaihua Haid Project")	No		5,429.3	1,853.37	5,445.33	100.30%	30 June 2017	-410.64	No	No
Subtotal of committed investment project	--	75,842.63	76,315.85	16,696.15	77,336.3	--	--	1,206.69	--	--
Direction of proceeds										
None										
Total	--	75,842.63	76,315.85	16,696.15	77,336.3	--	--	1,206.69	--	--
Information on and reasons for failure to meet the planned progress or expected benefits (by specific projects)	Suqian Haid Project, Xiangtan Haid Project, Huaihua Haid Project and Dongting Haid Project have just been newly put into production and are still at a start-up stage, and thus require large investment in respect of market and technical resources, resulting in losses.									
Explanations on material changes in project feasibility	Not applicable									
Amount, use and progress of use of over-raised proceeds	Not applicable									
Changes in implementation location of proceeds-financed investment projects	Applicable									
	Happened in previous years									
	1. As considered at the eighth meeting of the third session of the Board and the 2014 second non-operating general meeting, it was agreed to change the implementation entity and location of "Wuhan Zeyi Project". The previous implementation entity "Wuhan Zeyi Company" was changed into "Honghu Haid Feed Co., Ltd." and "Suqian Haid Feed Co., Ltd." and the implementation location was changed from the previous "Huangpi District, Huhan, Hubei" to "Honghu City of Hubei Province" and "Xiangyang County, Suqian, Jiangsu Province". The amount of investment in the implementation project did not change. 2. According to the									

	<p>Proposal Regarding Change of Certain Proceeds-financed Investment Projects (《关于变更部分募集资金投资项目的议案》) as considered and approved at the 2015 first non-operating general meeting convened by the Company on 23 March 2015, it was agreed to change the "compound feed project of Nantong Haid with the annual output of 180,000 tonnes" into "compound feed project of Xiangtan Haid with the annual output of 240,000 tonnes" and "compound feed project of Huaihua Haid with the annual output of 240,000 tonnes" and change the implementation location from the previous "Nantong City, Jiangsu" into "Xiangtan City, Hunan" and "Zhongfang County, Huaihua City, Hunan Province". The amount of investment in the implementation project did not change. 3. As considered at the twentieth meeting of the third session of the Board and the 2015 annual general meeting, it was agreed to change the use of certain proceeds for the "compound feed project of Yangjiang Haid with the annual output of 200,000 tonnes" to "compound feed project of Sanming Haid with the annual output of 200,000 tonnes". The remaining proceeds for Yangjiang Haid Project amounted to RMB 74.58 million (including interest income of RMB 0.33 million). The previous implementation entity was changed from the previous "Yangjiang Haid Company" into "Sanming Haid Feed Co., Ltd." and the implementation location was changed from the previous "Yangjiang, Guangdong" into "Sanming, Fujian".</p>
Adjustment to the implementation methods of proceeds-financed investment projects	Not applicable
Pre-investment and replacement of proceeds-financed investment projects	<p>Applicable</p> <p>1. GP Certified Public Accountants Co., Ltd. issued the Verification Report on Pre-investment in Proceeds-financed Investment Projects with Self-raised Funds by Guangdong Haid Group Co., Limited (Guang Kuai Suo Zhuan Zi [2013] No. 13004060052)(《广会所专字[2013]第13004060052号“关于广东海大集团股份有限公司以自筹资金预先投入募集资金投资项目的鉴证报告”》) on 7 December 2013. The amount of self-raised funds for pre-investment in proceeds-financed investment projects was RMB 40.67 million including RMB 0.18 million for Wuhan Zeyi Project, RMB 20.57 million for Jingzhou Haid Project, RMB 1.08 million for Dongting Haid Project, RMB 0.48 million for Yangjiang Haid Project and RMB 18.36 million for Anhui Haid Project.</p> <p>2. According to the Proposal Regarding Change of Proceeds-Financed Investment Projects (關於變更募集中金投資項目的議案) as considered at the 2014 third non-operating general meeting convened by the Company on 12 September 2014, it was agreed to change "Wuhan Zeyi Probiotics Project" into "Honghu Haid Project" and "Suqian Haid Project". The funds of RMB 0.18 million which had been replaced in Wuhan Zeyi Project were all transferred to the special account for proceeds of Wuhan Zeyi. Therefore, as at December 31, 2017, the Company had replaced all the self-raised proceeds for pre-investment in proceeds-financed investment projects amounting to RMB 40.49 million.</p>
Temporary replenishment of working capital with idle proceeds	<p>Applicable</p> <p>According to the Proposal Regarding Use of Partial Idle Proceeds for Replenishment of Working Capital (《关于使用部分闲置募集资金暂时补充流动资金的议案》) as considered and approved at the seventeenth meeting of the third session of the Board convened by the Company on 24 October 2015, it was agreed to use idle proceeds of RMB 340 million for temporary replenishment of working capital for a term from 24 October 2015 to 23 October 2016. On 12 May 2016, the Company returned all the idle proceeds used for temporary replenishment of working capital to the special account for proceeds, and informed the sponsor and its representative of the return of proceeds. As at December 31, 2017, there was no temporary replenishment of working capital with idle proceeds.</p>
Balance of proceeds for project implementation and reasons therefor	Not applicable
Use and direction of unused proceeds	Not applicable
Use of proceeds and problems disclosed or other issues	Not applicable

(3) Change in use of proceeds

☐ Applicable ☒ Not applicable

The Company did not have any change in use of proceeds 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 Hiner Biotechnology Group Co., Ltd.	Subsidiary	Production and sales of premixture	80,000,000.00	912,131,054.63	798,741,631.70	1,056,517,430.86	375,924,031.65	322,884,440.77
Qingyuan Happy Bio-technology Co., Ltd.	Subsidiary	Production and sales of premixture, additives and micro-ecological products	1,000,000.00	374,733,215.32	239,940,940.79	675,942,518.49	274,476,386.28	235,179,464.96

Description of major subsidiaries and investees

1. Guangdong Hiner 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 323 million.

2. Qingyuan Happy 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 235 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
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Qingdao Huaxin Feed Co., Ltd.	Business combination not under common control	No material effects on the results of the period
Weifang Daxin Feed Co., Ltd.	Business combination not under common control	No material effects on the results of the period
Yantai Daxin Feed Co., Ltd.	Business combination not under common control	No material effects on the results of the period
Linyi Yihe Feed Co., Ltd.	Business combination not under common control	No material effects on the results of the period
Jiangsu Daxin Feed Co., Ltd.	Business combination not under common control	No material effects on the results of the period
Qingdao Daxin Feed Co., Ltd.	Business combination not under common control	No material effects on the results of the period
Shandong Daxin Agriculture and Animal Husbandry Technology Co., Ltd.	Business combination not under common control	No material effects on the results of the period
Qingdao Zhizhuxia Pig Farming Service Co., Ltd.	Business combination not under common control	No material effects on the results of the period
Yantai Zhizhuren Animal Husbandry Co., Ltd.	Business combination not under common control	No material effects on the results of the period
Laizhou Zhizhuren Animal Husbandry Co., Ltd.	Business combination not under common control	No material effects on the results of the period
Shandong Daxin Group Co., Ltd.	Business combination not under common control	No material effects on the results of the period
Hunan Jinhuilong Agriculture and Animal Husbandry Development Co., Ltd.	Business combination not under common control	No material effects on the results of the period
Yueyang Jinhuilong Agriculture and Animal Husbandry Development Co., Ltd.	Business combination not under common control	No material effects on the results of the period
Jiaozuo Jinhuilong Agriculture and Animal Husbandry Development Co., Ltd.	Business combination not under common control	No material effects on the results of the period
Jiangsu Jinhuilong Agriculture and Animal Husbandry Development Co., Ltd.	Business combination not under common control	No material effects on the results of the period
Shijiazhuang Huilong Feed Co., Ltd.	Business combination not under common control	No material effects on the results of the period
Handan Huilong Feed Co., Ltd.	Business combination not under common control	No material effects on the results of the period
Guigang Dongsheng Farming Co., Ltd.	Business combination not under common control	No material effects on the results of the period
Liyang Jiuhe Feed Co., Ltd.	Business combination not under common control	No material effects on the results of the period
Guangzhou Deliv Information Technology Co., Ltd.	Disposal of equity interests	No material effects on the results of the period
Zixing Yitun Ecological Agriculture Co., Ltd.	Newly established	No material effects on the results of the period
Changning Yitun Ecological Agriculture Co., Ltd.	Newly established	No material effects on the results of the period
Haid Farming Co., Ltd.	Newly established	No material effects on the results of the period
Linxi County Haiying Food Co., Ltd.	Newly established	No material effects on the results of the period
Binzhou Haiding Feed Co., Ltd.	Newly established	No material effects on the results of the period
Dali Haiwang Feed Co., Ltd.	Newly established	No material effects on the results of the period
Guiyang Haid Zhihai Feed Co., Ltd.	Newly established	No material effects on the results of the period
Huaian Hailong Feed Co., Ltd.	Newly established	No material effects on the results of the period

		period
Zhaoqing Gaoyao Haid Biological Technology Co., Ltd.	Newly established	No material effects on the results of the period
Fuzhou Haid Feed Co., Ltd.	Newly established	No material effects on the results of the period
Heze Dingtao District Hairong Farming Professional Cooperative Association	Newly established	No material effects on the results of the period
Guigang Qintang District Yitun Ecological Agriculture Co., Ltd.	Newly established	No material effects on the results of the period
Pingnan Yitun Ecological Agriculture Co., Ltd.	Newly established	No material effects on the results of the period
Pingguo Yitun Ecological Agriculture Co., Ltd.	Newly established	No material effects on the results of the period
Guiping Yitun Ecological Agriculture Co., Ltd.	Newly established	No material effects on the results of the period
Hengyang Yitun Ecological Agriculture Co., Ltd.	Newly established	No material effects on the results of the period
Hengshan Yitun Ecological Agriculture Co., Ltd.	Newly established	No material effects on the results of the period
Guangzhou Youying Feed Trading Co., Ltd.	Newly established	No material effects on the results of the period
Guangzhou Zhongcangsheng Trading Co., Ltd.	Newly established	No material effects on the results of the period
Guangzhou Cangyouliang Trading Co., Ltd.	Newly established	No material effects on the results of the period
Shaoguan Haid Biological Technology Co., Ltd.	Newly established	No material effects on the results of the period
Guangzhou Punong Investment Management Co., Ltd.	Newly established	No material effects on the results of the period
Guangzhou Yuannong Investment Management Co., Ltd.	Newly established	No material effects on the results of the period
Guangzhou Zecan Investment Management Co., Ltd.	Newly established	No material effects on the results of the period
Ganzhou Haid Biological Technology Co., Ltd.	Newly established	No material effects on the results of the period
Xuzhou Haid Hexin Feed Co., Ltd.	Newly established	No material effects on the results of the period
Jiaxiang Haiying Food Co., Ltd.	Newly established	No material effects on the results of the period
Shandong Fengying Food Co., Ltd.	Newly established	No material effects on the results of the period
Henan Haihe Agriculture and Animal Husbandry Technology Co., Ltd.	Newly established	No material effects on the results of the period
Qijing Zhihai Feed Co., Ltd.	Newly established	No material effects on the results of the period
Yibin Zhihai Feed Co., Ltd.	Newly established	No material effects on the results of the period
Kinghill holdings pte.ltd	Newly established	No material effects on the results of the period
Kinghill pte.ltd	Newly established	No material effects on the results of the period
Kinghill resources pet.ltd	Newly established	No material effects on the results of the period
Kinghill agri pte.ltd	Newly established	No material effects on the results of the period

Guigang Gangbei District Yitun Ecological Agriculture Co., Ltd.	Newly established	No material effects on the results of the period
Shaoxing Haid Biological Technology Co., Ltd.	Newly established	No material effects on the results of the period
Foshan Haid Hangbiao Feed Co., Ltd.	Newly established	No material effects on the results of the period
Shaanxi Haid Agriculture and Animal Husbandry Co., Ltd	Newly established	No material effects on the results of the period
Yangling Haid Feed Co., Ltd.	Newly established	No material effects on the results of the period
Lanzhou Haid Feed Co., Ltd.	Newly established	No material effects on the results of the period
Xuchang Haihe Feed Co., Ltd.	Newly established	No material effects on the results of the period
Anyang Haihe Agriculture and Animal Husbandry Technology Co., Ltd	Newly established	No material effects on the results of the period
Indonesia Haid Agriculture Co., Ltd.	Newly established	No material effects on the results of the period
Binyang Yitun Ecological Agriculture Co., Ltd.	Newly established	No material effects on the results of the period
Duyun Yitun Ecological Agriculture Co., Ltd.	Newly established	No material effects on the results of the period
Rongjiang Yitun Ecological Agriculture Co., Ltd.	Newly established	No material effects on the results of the period
Yicheng Yitun Ecological Agriculture Co., Ltd.	Newly established	No material effects on the results of the period
Guangdong Haid Poverty Alleviation Investment Development Co., Ltd.	Newly established	No material effects on the results of the period
Zhangzhou Longwen Hairong Farming Service Professional Cooperative	Newly established	No material effects on the results of the period
Haid Pet Food Co., Ltd.	Newly established	No material effects on the results of the period
Haid Pet Food (Weihai) Co., Ltd.	Newly established	No material effects on the results of the period
Anyang Haiyue Feed Technology Co., Ltd.	Newly established	No material effects on the results of the period
HAID (ECUADOR) FEED CIA.LTDA	Newly established	No material effects on the results of the period
Tengzhou Fengcheng Feed Co., Ltd.	Newly established	No material effects on the results of the period
Jiyuan Haihe Jinyu Feed Co., Ltd.	Newly established	No material effects on the results of the period
Jiangxi Youju Trading Co., Ltd.	Established/Cancelled	Established in January 2017 and cancelled in October 2017; No material effects on the results of the period
Gaozhou Weihe Liancheng Feed Co., Ltd.	Cancelled	No material effects on the results of the period
Baoding Haid Feed Co., Ltd.	Cancelled	No material effects on the results of the period
Dongyuan Hailong Ronghe Feed Research Co., Ltd.	Cancelled	No material effects on the results of the period
Hebi Haiding Feed Co., Ltd.	Cancelled	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 Farming

The feed industry mainly serves the downstream farming industry. The abnormal changes in weather, rain, typhoon, and other natural factors affecting the farming process may cause fluctuations in the amount of livestock or aquatic products on hand and even the large -scale outbreak of diseases, thus affecting the demand for feed and resulting in risk of periodic or regional demand fluctuations. With the environmental changes and large-scale development of farming industry, animal epidemic diseases may also occur occasionally including "H7N9 virus" which broke out early this year, "PRRSV" with pigs occurred recently, "EMS epidemic disease" outbreak in shrimp aquaculture and other diseases, which will directly inhibit the scale of farming and reduce the demand for feed in the short term; major animal epidemic disease may also dampen the end-consumer demand, leading to a downturn of the farming 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 farming 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 a 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 bulk agricultural products, mainly corn and soybeans (bean pulp). 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 nearly 1,000 members. A large number of funds are spent on research and development each year, focusing on animal nutrition requirements, feed formula technology, variety farming and selection of elite germplasm, healthy farming model, and other research directions. The Company has a profound understanding of animal nutritional requirements and higher requirements on the technical level of 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 Scale, Structural and Regional 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 Farming of Livestock and Poultry (畜禽规模养殖污染防治条例), Water Pollution Control Action Plan (水污染防治行动计划), and the Guiding Opinions on Promoting the Adjustment and Optimization of Pig Farming in the Southern Water Network Region (关于促进南方水网地区生猪养殖布局调整优化的指导意见), the "13th Five-Year Plan" on Ecological Environmental Protection ("十三五"生态环境保护规划), which stipulate the pollution prevention and control of livestock and poultry farming industry, increase the pollution control of livestock and poultry farming industry, and especially limit the farming scale in the regions of key water sources and surrounding water systems. 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 also result in adjustments to the pig farming capacity in all places and across the country. The adjustments to farming scale and structure and regional adjustment to production capacity 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 environmental protection policies on the pig farming 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 and poultry, aquatic products 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 farming areas.

4. Risk of Exchange Rate Fluctuations

The global procurement of feed 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
5 January 2017	Field research	Institution	For details, please refer to the Table of Investor Relations Activity Records of Guangdong Haid Group Co., Limited 2017-001) published on the website of www.cninfo.com.cn on 6 January 2017
23 March 2017	Field research	Institution	For details, please refer to the Table of Investor Relations Activity Records of Guangdong Haid Group Co., Limited 2017-002) published on the website of www.cninfo.com.cn on 24 March 2017
24 March 2017	Field research	Institution	For details, please refer to the Table of Investor Relations Activity Records of Guangdong Haid Group Co., Limited 2017-003) published on the website of www.cninfo.com.cn on 27 March 2017
17 May 2017	Field research	Institution	For details, please refer to the Table of Investor Relations Activity Records of Guangdong Haid Group Co., Limited 2017-004) published on the website of www.cninfo.com.cn on 19 May 2017
17 May 2017	Field research	Individual	For details, please refer to the Table of Investor Relations Activity Records of Guangdong Haid Group Co., Limited 2017-004) published on the website of www.cninfo.com.cn on 19 May 2017
14 July 2017	Field research	Institution	For details, please refer to the Table of Investor Relations Activity Records of Guangdong Haid Group Co., Limited 2017-005) published on the website of www.cninfo.com.cn on 17 July 2017
18 August 2017	Telephone communication	Institution	For details, please refer to the Table of Investor Relations Activity Records of Guangdong Haid Group Co., Limited 2017-006) published on the website of www.cninfo.com.cn on 18 August 2017
6 September 2017	Field research	Institution	For details, please refer to the Table of Investor Relations Activity Records of Guangdong Haid Group Co., Limited 2017-007) published on the website of www.cninfo.com.cn on 8 September 2017
31 October 2017	Telephone communication	Institution	For details, please refer to the Table of Investor Relations Activity Records of Guangdong Haid Group Co., Limited 2017-008) published on the website of www.cninfo.com.cn on 2 November 2017
3 November 2017	Field research	Institution	For details, please refer to the Table of Investor Relations Activity Records of Guangdong Haid Group Co., Limited 2017-009) published on the website of www.cninfo.com.cn on 8 November 2017
8 November 2017	Field research	Institution	For details, please refer to the Table of Investor Relations Activity Records of Guangdong Haid Group Co., Limited 2017-010) published on the website of www.cninfo.com.cn on 10 November 2017

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 2016 Profit Distribution Plan (关于2016年度利润分配预案的议案) as considered and approved at the 2016 annual general meeting convened on 17 May 2017, 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 3.00 (tax inclusive) was to be paid for every 10 shares. On 30 June 30, 2017, 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. The Company's 2015 semi-annual and 2015 annual dividend distribution plan

(1) 2015 semi-annual dividend distribution plan

Based on the Company's total share capital of 1,537,363,254 shares, a cash dividend of RMB 0.65 (tax inclusive) per 10 shares was distributed and total cash dividend distributed amounted to RMB 99,928,611.51. The remaining undistributed profits were carried forward to the following year.

(2) 2015 annual dividend distribution plan

Based on the Company's total share capital of 1,540,555,704 shares, a cash dividend of RMB 2.5 (tax inclusive) per 10 shares was distributed and total cash dividend distributed amounted to RMB 385,138,926. The remaining undistributed profits were carried forward to the following year.

2. 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.

3. 2017 annual dividend distribution plan of the Company

On 19 April 2018, the Proposal on 2017 Profit Distribution Plan (关于2017年度利润分配预案的议案) was considered and approved at the twelfth meeting of the fourth session of the Board. The Company proposed to distribute RMB 2.50 (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 2017. 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	As a percentage of net income attributable to ordinary shareholders of the Company in the	Amount of cash dividends distribution through other means	Ratio of cash dividends distribution through other means

		of distribution	consolidated financial statements		
2017 [Note]	394,886,263.50	1,207,225,209.35	32.71%	0.00	0.00%
2016	472,798,516.20	855,810,234.81	55.25%	0.00	0.00%
2015	485,067,537.51	779,978,258.90	62.19%	0.00	0.00%

Note: According to the 2017 profit distribution plan of the Company as considered and approved at the 12th meeting of the 4th session of the Board of the Company: The Company proposed to distribute RMB 2.50 (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 2017. According to the Company's total share capital of 1,579,545,054 shares as at 19 April 2018, the Company's 2017 annual cash dividend is expected to be RMB 394,886,263.50.

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)	2.50
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
Total cash dividend (RMB) (tax inclusive)	Expected to be RMB 394,886,263.50
Distributable profits (RMB)	1,666,017,453.05
Percentage of cash dividend 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 853,204,717.28 and made provision for statutory surplus reserves of RMB 85,320,471.73, without allocation to discretionary revenue reserve in 2017. As at 31 December 2017, the profit available for distribution to shareholders amounted to	

RMB 1,666,017,453.05.

Based on the good operating conditions and profitability in 2017, 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 2017 profit distribution on the premise of guaranteeing the Company's normal operations and long-term development: The Company proposed to distribute RMB 2.50 (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 2017. The remaining undistributed profits will be carried forward to the following year.

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 2017 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 2017 profit distribution plan.

The 2017 profit distribution plan of the Company is subject to consideration at the 2017 annual general meeting.

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, related party transaction and capital occupation	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 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.	27 November 2009	Long term	In strict performance
	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	Other	The Company guarantees no provision of loans or	15	From	In

	Haid Group Co., Limited	undertaking	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.	February 15, 2017	February 15, 2017 to 23 March 2022	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 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.	18 April 2016	From 18 April 2016 to 17 April 2019	In strict performance
	Kangsen Mai	Undertaking on reduction	As a director, supervisor or senior management of the Company, I shall report to the Company my shareholding in the Company and the changes thereof. During my term	21 August 2013	From 21 August	Performance compliance

		of shareholding	of office, the number of shares transferred each year shall not exceed 25% of the total number of shares of the Company held by me. The shares of the Company held by me are not transferable within one year from the date of listing of the Company's shares. Within half a year after I leave office, I will not transfer the shares held by me in the Company. Within six months after I report my demission, the number of shares sold through trading on the stock exchange shall not exceed 50% of the total number of shares of the Company held by me.		t 2013 to 18 February 2017	eted
	Xiewu Jiang	Undertaking on reduction of shareholding	As a director, supervisor or senior management of the Company, I shall report to the Company my shareholding in the Company and the changes thereof. During my term of office, the number of shares transferred each year shall not exceed 25% of the total number of shares of the Company held by me. The shares of the Company held by me are not transferable within one year from the date of listing of the Company's shares. Within half a year after I leave office, I will not transfer the shares held by me in the Company. Within six months after I report my demission, the number of shares sold through trading on the stock exchange shall not exceed 50% of the total number of shares of the Company held by me.	27 November 2009	From 27 November 2009 to 7 December 2017	Performance completed
	Hua Xue, Yingzhuo Xu, Li Tian, 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	As a director, supervisor or senior management of the Company, I shall report to the Company my shareholding in the Company and the changes thereof. During my term of office, the number of shares transferred each year shall not exceed 25% of the total number of shares of the Company held by me. The shares of the Company held by me are not transferable within one year from the date of listing of the Company's shares. Within half a year after I leave office, I will not transfer the shares held by me in the Company. Within six months after I report my demission, the number of shares sold through trading on the stock exchange shall not exceed 50% of the total number of shares of the Company held by me.	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
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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 2017	5,000.00	6,435.63	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, 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) 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.

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) issued by GP Certified Public Accountants (Special General Partnership) (Guang Kuai Shen Zi [2018] No. G17036521306), Daxin Group's 2017 audited net income attributable to shareholders of the company was RMB 67,41 million and the net income attributable to the shareholders of the company after non-operating income or loss was RMB 64,36 million. The undertaking on results of 2017 was fulfilled.

Daxin Group completed the industrial and commercial registration procedures for share transfer on 22 December 2017 and was included in the consolidation scope of the Company on December 31, 2017. In 2017, the operating results of Daxin Group did not affect the operating results of the Company's consolidated statements.

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

Change in accounting policies and reasons therefor	Remarks
<p>According to the Accounting Standards for Enterprises No. 16 - Government Grants (企业会计准则第16号-政府补助) (Cai Kuai [2017] No. 15) issued by the Ministry of Finance on 12 June 2017, based on the substance of economic business, the government grants associated with corporate daily activities shall be included in other income. The government grants not associated with corporate daily activities shall be included in non-operating gain and loss.</p>	<p>In accordance with the Accounting Standards for Enterprises No. 16 - Government Grants (企业会计准则第16号-政府补助) (Cai Kuai [2017] No. 15) prepared by the Ministry of Finance, the Company adopted prospective application approach for treatment of government grants as at 1 January 2017, and made adjustments to the government grants increased in the period from 1 January 2017 to the date of implementation of the standards in accordance with such standards.</p> <p>Accumulated effects on the 2017 financial statements are as follows:</p> <p>"Other income" increased by RMB 41,395,359.88</p> <p>"Non-operating gain" decreased by RMB 42,362,026.88</p> <p>"Financial expenses" decreased by RMB 966,667.00</p>
<p>According to the "Notice on Revision and Issuance of the Format of General Corporate Financial Statements" Cai Kuai [2017] No. 30 issued by the Ministry of Finance, profit or loss from disposal of non-current assets as presented in "non-operating gain" and "non-operating loss" shall be reclassified to "gains on disposal of assets", and adjustments shall be made to the comparative data in the comparable period.</p>	<p>Accumulated effects on the 2016 financial statements are as follows:</p> <p>"Gains on disposal of assets" increased by RMB 3,383,608.77</p> <p>"Non-operating gain" decreased by RMB 3,622,351.07</p> <p>"Non-operating expenditure" decreased by RMB 238,742.30</p> <p>Accumulated effects on the 2017 financial statements are as follows:</p> <p>"Gains on disposal of assets" increased by RMB 6,037,071.03</p> <p>"Non-operating gain" decreased by RMB 7,016,250.08</p> <p>"Non-operating expenditure" decreased by RMB</p>

	979,179.05
According to the Accounting Standards for Enterprises No. 42 – Held-for-sale Non-current assets, Disposal Groups and Discontinued Operations (企业会计准则第42号–持有待售的非流动资产、处置组和终止经营) (Cai Kuai [2017] No. 13) which was issued by the Ministry of Finance on 28 April 2017 and implemented from 28 May 2017, for the held-for-sale non-current assets, disposal groups and discontinued operations as at the date of implementation, it is required to adopt the prospective application approach for treatment.	Not applicable.

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 228 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 76 more companies included and 6 companies 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	12
Name of certified public accountants of the domestic accounting firm	Hongfei Xian, Xujia Li
Continued term of service of certified public accountants of the domestic accounting firm	Hongfei Xian 2 years, Xujia Li 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 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 first unlocking/exercise period of Restricted Shares and Share Option Incentive Plan

1) On 26 March 2016, the Company convened the twenty-third meeting of the third session of the Board to consider and approve the Proposal on the Satisfaction of the Unlocking/Exercise Conditions of the First Unlocking/Exercise Period of Restricted Shares and Share Option Incentive Plan (《关于限制性股票与股票期权激励计划第一个解锁/行权期符合解锁/行权条件的议案》). The Board was of the view that the restricted shares and share options held by incentive targets had satisfied the unlocking/exercise conditions of the first unlocking/exercise period and thus approved the unlocking of restricted shares /exercise of share options in the first unlocking/exercise period. In the first unlocking/exercise period of restricted shares and share options, the number of restricted shares available for listing and trading was 7,823,200 shares and the number of exercisable options was 5,233,200. The exercise term was from 28 April 2016 to 3 March 2017.

2) From 1 January to 3 March 2017, the option incentive targets exercised 99,800 options. As at 3 March 2017, 3 option incentive targets failed to exercise options as the first exercise period ended. 78,400 share options not exercised in the first exercise period lost efficacy. On 13 March 2017, the Company convened the sixth meeting of the fourth session of the Board to consider and approve the Proposal Regarding Proposed Cancellation of Invalid Share Options upon Expiry of the First Exercise Period (《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》), pursuant to which the aforementioned 78,400 invalid share options were cancelled. On 31 March 2017, the Company completed the cancellation of the aforementioned 78,400 invalid share options.

(2) The second unlocking/exercise period of Restricted Shares and Share Option Incentive Plan

On 25 April 2017, the Company convened the seventh meeting of the fourth session of the Board to consider and approve the Proposal Regarding Quantity Adjustments to Interests under Restricted Shares and Share Option Incentive Plan and Repurchase for Cancellation/Cancellation of Restricted Shares and Share Options due to Failure of Satisfaction of the Unlocking/Exercise Conditions of the Second Unlocking/Exercise Period of Restricted Shares and Share Option Incentive Plan (《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》), pursuant to which, due to the demission and voluntary waiver of certain incentive targets and the dissatisfaction of unlocking/exercise conditions of the second unlocking/exercise period, the number of incentive targets of the Company was adjusted to 394; the number of unlocked restricted shares was adjusted to 5,493,600 shares, the number of restricted shares subject to repurchase for cancellation was 5,846,400 shares, and the repurchase price was RMB 3.61 per share; the number of unexercised share options was adjusted to 3,725,400 options and the number of share options subject to cancellation was 3,893,400 options. On 19 and 20 June 2017, the Company completed cancellation for all the above-mentioned share options and repurchase for cancellation for all the above-mentioned restricted shares, respectively.

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

On 27 October 2017, the Company convened the tenth 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 or termination of labour contract of certain incentive targets, the number of incentive targets of the Company was adjusted to 383, the number of restricted shares which had been granted but not unlocked was adjusted to 5,384,400 shares and the number of restricted shares which had been granted and were subject to repurchase for cancellation was 109,200 shares. The repurchase price was RMB 3.31 per share; the number of share options which had been granted but not exercised was 3,620,400, the number of share options which had been granted and was subject to cancellation was 105,000. On 26 December 2017, 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 first exercise period of restricted shares and share option incentive plan was 99,800; the number of cancelled invalid share options in the first exercise period was 78,400, the number of share options failing to meet the exercise conditions in the second exercise period was 3,893,400, the number of restricted shares failing to meet the exercise conditions in the second exercise period which had been repurchased for cancellation was 5,846,400, and the number of restricted shares repurchased from the staff who have resigned or terminated the labour contract for cancellation was 109,200 and 105,000, respectively.

As at the end of the reporting period, the granted and unlocked restricted shares and unexercised share options under the Restricted Shares and Share Option Incentive Plan were 5,384,400 shares and 3,620,400 options, respectively.

(II) 2016 Restricted Share Option 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 Option 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 Option 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 Option 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 Option 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 Option 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 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 Option 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. 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 above-mentioned shares were still in the lock-up period; the number of restricted shares which had been granted but not unlocked under the 2016 Restricted Share Option Incentive Plan was 39,664,400 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 Option Incentive Plan (2016年限制性股票激励计划), the Company accumulatively granted 40,283,200 restricted shares and 99,800 options to incentive targets; the Company repurchased a total of 6,574,400 restricted shares for cancellation and cancelled an aggregate of 3,998,400 share options. As at the end of the reporting period, the Company had granted a total of 45,048,800 restricted shares which had not been unlocked and 3,620,400 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 Option 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 Option 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 99,800 shares due to incentive targets' independent exercise of options; increased by 40,283,200 due to the grant of restricted shares to incentive targets; and decreased by 6,574,400 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

1,541,428,454 shares to 1,575,237,054 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 6 December 2016, the Company convened the fourth meeting of the fourth session of the Board and the fourth meeting of the fourth session of the Supervisory Committee to consider and approve the Proposal Regarding the Employee Stock Ownership Plan for Core Team of Guangdong Haid Group Co., Limited (Draft) 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(草案)》及其摘要的议案), pursuant to which the Company was approved to prepare the Employee Stock Ownership Plan for Core Team of Guangdong Haid Group Co., Limited (Draft) (廣東海大集團股份有限公司核心團隊員工持股計劃(草案)) in accordance with relevant laws and regulations.

2. On 19 January 2017, the Company convened the fifth meeting of the fourth session of the Board and the fifth meeting of the fourth session of the Supervisory Committee to consider and approve the Proposal Regarding the Employee Stock Ownership Plan for Core Team of Guangdong Haid Group Co., Limited (Revised Draft) 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(草案修订稿)》及其摘要的议案). On 15 February 2017, the Company convened the 2017 first non-operating general meeting to consider and approve the Proposal Regarding the Employee Stock Ownership Plan for Core Team of Guangdong Haid Group Co., Limited (Revision) 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) (hereinafter referred to as the "Employee Stock Ownership Plan for Core Team"), pursuant to which the Employee Stock Ownership Plan for Core Team would permanent 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; the capital for the initial stock ownership plan would be RMB 12 million and the total number of employees under the initial Employee Stock Ownership Plan for Core Team shall not exceed 20 including 4 director(s), supervisor(s) and senior management and not more than 16 other staff.

3. 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, representing 0.047% of the Company's total share capital as at the date of the announcement on completion of the purchase, in the secondary market. According to the Employee Stock Ownership Plan for Core Team, the lock-up period for the Company's shares purchased under the initial Employee Stock Ownership Plan for Core Team shall be 12 months from 22 March 2017.

4. On 29 December 2017, the Management Committee of Employee Stock Ownership Plan for Core Team considered and approved the Proposal Regarding Vesting in the First Vesting Period under the initial stock ownership plan, and determined that the shares for the first vesting period available to holders of the initial stock ownership plan shall be 40% of the above-mentioned shares of the Company purchased, i.e. 288,075 shares, and that the shares shall be registered under the name of all holders by way of internal registration, including 86,600 shares for Ms. Li Tian, Mr. Xueqiao Qian, Mr. Shaolin Yang and Mr. Zhijian Huang, and 201,475 shares for other 9 core employees. The lock-up period for the shares to be vested shall be from 29 December 2017 to the date on which the shares of the third vesting period under the initial stock ownership plan are registered under the name of holders. During the reporting period, there was no change in the position or resignation of holders under the initial stock ownership plan, or other circumstances that disqualified them to participate in the stock ownership plan.

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)	Percent age 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 and Agriculture and Animal Husbandry	Associate	Sales of products and commodities	Sales of feed and other products	On normal commercial terms or in accordance with	The price of each transaction shall be determined by	2,997.92	0.09%	2,800	Yes	On normal commercial terms or in accordance with	Not applicable	27 April 2017	Announcement on Day-to-day Related Party Transaction (Announcement No.

Develop ment Co., Ltd.				relevant agreeme nts	both parties through negotiat ion based on the uniform market price as quoted external ly by the seller at the time of transacti on.					relevant agreeme nts			2017-040) published in China Securities Journal, Securities Times, Securities Daily and on the website of www.cninfo. com.cn
Guizhou Fuhai Chemical Co., Ltd.	Associat e	Purchas e of raw material s	Purchas e of raw material s	On normal commer cial terms or in accord ance with relevant agreeme nts	The price of each transacti on shall be determi ned by both parties through negotiat ion based on the uniform market price as quoted external ly by the seller at the time of	8,849.91	0.31%	7,000	Yes	On normal commer cial terms or in accord ance with relevant agreeme nts	Not applicab le	27 April 201 7	Announcem ent on Day-to-day Related Party Transaction (Announce ment No. 2017-040) published in China Securities Journal, Securities Times, Securities Daily and on the website of www.cninfo. com.cn

					transacti on.									
Total	--	--	11,847.8 3	--	9,800	--	--	--	--	--	--	--	--	--
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)	On 27 April 2017, the Company disclosed the Announcement on Day-to-day Related Party Transaction (《关于公司日常关联交易的公告》), pursuant to which it was expected that the annual sales of feed to Foshan Haihang and Agriculture and Animal Husbandry Development Co., Ltd. would not exceed RMB 28 million; during the reporting period, the Company actually sold feed amounting to RMB 29,98 million to Foshan Haihang and Agriculture and Animal Husbandry Development Co., Ltd.; it was expected that the purchase of materials from Guizhou Fuhai Chemical Co., Ltd. would not exceed RMB 70 million in 2017; during the reporting period, the Company actually purchased materials amounting to RMB 88,50 million. During the reporting period, the day-to-day transactions of the Company were normal.													
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 (agreement date)	Guarantee provided	Type of guarantee	Term	Fulfilled or not	Guarantee to related parties or not
Hunan Animal Farm Food Co., Ltd. [Note 1]			18 December 2014	700	Joint liability guarantee	Two years	Yes	No
Total external guarantees approved during the reporting period (A1)				Total actual external guarantees during the reporting period (A2)		700		
Guarantees between the Company and its subsidiaries								

Name of obligee	Date of the related announcement disclosing the guarantee amount	Amount of guarantee	Guarantee date (agreement date)	Guarantee provided [Note 2]	Type of guarantee	Term	Fulfilled or not	Guarantee to related parties or not
Sheng Long Bio-Tech International Co., Ltd	28 April 2015	39,375	15 April 2015	3,316.17	Joint liability guarantee	2 years	Yes	No
	29 March 2016	68,600	09 May 2016	794.56	Joint liability guarantee	2 years	No	No
			11 April 2016	3,683.62	Joint liability guarantee	2 years	No	No
			29 March 2016	9,158.99	Joint liability guarantee	16 months	Yes	No
			27 June 2016	2,755.97	Joint liability guarantee	2 years	No	No
			26 September 2016	4,825.29	Joint liability guarantee	2 years	No	No
Haid International Group Limited	27 April 2017	92,250	12 May 2017	6,534.2	Joint liability guarantee	1 year	No	No
			31 May 2017	11,284.79	Joint liability guarantee	1 year	No	No
			28 June 2017	6,534.2	Joint liability guarantee	1 year	No	No
			04 July 2017	14,377.65	Joint liability guarantee	1 year	No	No
	27 October 2017	32,671						
Sheng Long Bio Tech (M) SDN. BHD	29 March 2016	2,800	28 July 2016	326.71	Joint liability guarantee	1 year	Yes	No
Haid Feed Co., Limited	20 August 2016	4,900	1 January 2017	815.99	Joint liability guarantee	1 year	No	No
			1 April 2017	661.93	Joint liability guarantee	6 months	Yes	No
Hai Duong Haid Company Limited	27 April 2017	8,250	16 March 2017	74.88	Joint liability guarantee	6 months	Yes	No
55 wholly-owned	27 April	50,000	3 January 2017	15,300	Joint liability	12	Yes	No

subsidiaries and holding subsidiaries	2017				guarantee	months		
Haid Feed Co., Limited	27 April 2017	12,000	12 November 2017	948.64	Joint liability guarantee	2 years	No	No
ShengLong Bio-Tech (India) Private Limited	27 April 2017	3,750						
Sheng Long Bio Tech (M) SDN. BHD	27 April 2017	750	2 August 2018	326.71	Joint liability guarantee	1 year	No	No
Sheng Long Bio-Tech International Co.,Ltd)	27 April 2017	75,750	30 August 2017	9,158.99	Joint liability guarantee	1 year	No	No
Total amount of guarantee provided for subsidiaries approved during the reporting period (B1)		275,421		Total amount of guarantee provided for subsidiaries during the reporting period (B2)		90,879.29		
Total amount of guarantee provided for subsidiaries approved as at the end of the reporting period (B3)		391,096		Total balance of guarantee provided for subsidiaries as at the end of the reporting period (B4)		62,040.61		
Guarantees between subsidiaries								
Name of obligee	Date of the related announcement disclosing the guarantee amount	Amount of guarantee	Guarantee date (agreement 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)		275,421		Total amount of guarantee during the reporting period (A2+B2+C2)		91,579.29		
Total amount of guarantee approved as at the end of the reporting period (A3+B3+C3)		391,096		Total balance of guarantee as at the end of the reporting period (A4+B4+C4)		62,040.61		
The percentage of total amount of guarantee provided (i.e. A4+B4+C4) to the net assets of the Company				9.58%				
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)	401.59
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)	401.59
Explanations on liability to guarantee occurred during the reporting period or possible joint liability for satisfaction for undue guarantee (if any)	Not applicable
Explanations on provision of guarantee in violation of established procedures	Not applicable

Note 1: On 3 July 2015, the Company entered into the Equity Transfer Agreement on Acquisition of 65% Equity Interests in Hunan Innovation Biotechnology Limited (关于收购湖南创新生物科技有限公司65%股权之股权转让协议) (hereinafter referred to as the "Equity Transfer Agreement") with Qingding Li, Xian'ai Wen, Xianhua Wen and Hunan Innovation Biotechnology Limited (hereinafter referred to as "Hunan Innovation") in relation to the Company's acquisition of 65% equity interests aggregately held by Qingding Li, Xian'ai Wen and Xianhua Wen in Hunan Innovation Biotechnology Limited. The acquisition within the approval scope of the general manager and thus was not submitted to the Board for approval. Prior to this equity transfer, Hunan Innovation provided a joint liability guarantee for a current fund loan of RMB 7 million of Hunan Animal Farm Food Co., Ltd. (hereinafter referred to as "Animal Farm"). According to the equity transfer agreement, the equity transferors Qingding Li, Xian'ai Wen and Xianhua Wen undertook that Animal Farm would repay the aforementioned loan of RMB 7 million and interests thereon before 10 December 2015, and assumed joint and several liability for the guarantee of Hunan Innovation. As at the end of the reporting period, Animal Farm had repaid the above-mentioned loan of RMB 7 million and Hunan Innovation's guarantee responsibility for Animal Farm had been released. As at the end of the reporting period, the Company's external guarantee balance was zero.

Note 2: 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
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Wealth management products of banks	Owned funds	130,000	10,000	0
Wealth management products of banks	Raised funds	5,700	0	0
Total		135,700	10,000	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 1.662 billion and the cash dividend in nearly three years amounts to RMB 1.23 billion (excluding the 2017 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 2017, the Company provided a total of RMB 1,113,000 to 52 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 RMB 130,000 to the College of Animal Science and

Technology of Sichuan Agricultural University, the School of Life Sciences of Sun Yat-Sen University, the College of Marine Sciences of South China Agricultural University and the College of Life Sciences and Environment of Hengyang Normal University for the purpose of setting up scholarships and supporting teaching activities. The Company also appointed 6 excellent employees to serve as innovation and entrepreneurial tutors for college students. They provided professional skills training, career development guidance, innovation and entrepreneurship education to trainees, and provided students with practical training opportunities.

2) The Company donated a total of RMB 120,000 to the Southwestern University of Chongqing, Shenzhen Alumni Association of Huazhong Agricultural University, the Education Development Foundation of South China Agricultural University, and the Education Development Foundation of Huazhong Agricultural University to support the competition of students majoring in aquaculture, students' innovation and entrepreneurship in agriculture and bioengineering and pharmaceutical industry, healthy development of education, etc.

3) The Company invested RMB 400,000 in jointly setting up Zhongguancun National Science Modern Agricultural Industry Technology Innovation Institute, a non-profit institution, with other listed agricultural companies and large-scale agricultural enterprises. The institute is mainly engaged in academic research and exchanges, consulting and training, etc. in the field of science and technology innovation of modern agricultural industry; donated approximately RMB 47,000 to China Aquatic Products Processing and Marketing Alliance to support shrimp industry research including quality and safety of shrimp, trade analysis, and industrial situation.

4) The Company and Hubei Vocational College of Bio-Technology took the lead to establish China Modern Fishery Vocational Education Group, a cross-regional, cross-industry, multi-functional, multi-level and comprehensive professional education cooperative organization with the nature of corporate legal person, through cooperation with nationwide representative vocational colleges, industrial enterprises and scientific research institutions (hereinafter referred to as "Fishery Vocational Education"). In 2017, Fishery Vocational Education continued to organize a number of technical training, vocational education and other activities: a. In response to the call of Hubei Provincial Department of Agriculture to cultivate new professional farmers, the Company, on the platform of Honghu Haid, a holding subsidiary of the Company, organised a 7-day practical technical training themed by "new professional fishermen's skill training" to 167 farmers based on the investigation of aspirations for employment and entrepreneurship of peasants in the villages and towns; b. The Company organised the summer camp of "I am a new fisherman" was organized for the teachers and students in 37 universities and provided new ideas of vocational education featured by knowing, loving and learning fishery for the students majored in fishery through visiting fishing villages, knowing fishermen, experiencing fisheries and learning about fishing enterprises; c. Fishery Vocational Education and China Agriculture Press jointly planned and edited new training materials for professional fishermen, practiced farming techniques based on Haid Group's, compiled technical textbooks according to the needs of fishermen, and guided fishermen's farming production planning. At the same time, the Company cooperated with Rizhao Polytechnic to set up a smart online vocational education learning platform; d. The Company, together with Jiangsu Agri-animal Husbandry Vocational College, Jiangxi Biotech Vocational College, Hubei Vocational College of Bio-Technology, Sichuan Aquatic School, Hunan Biological and Electromechanical Polytechnic and other colleges, proactively promoted the school-enterprise joint cultivation projects to jointly explore vocational skills promotion and training programs for students.

5) The Company participated in 37 other public welfare activities and donated a total of approximately RMB 680,000 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 fight against floods and disaster, 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"). As at the end of 2017, the Company had directly invested in 34 projects in national or provincial level Poverty-stricken Areas and created 1,771 jobs for the local people; in particular, during the reporting period, the investment amount in the Poverty-stricken Areas increased by RMB 225 million, contributing to local profit of RMB 40 million and increasing 112 jobs.

In 2017, the Company conducted investment in establishment of 9 subsidiaries in several Poverty-stricken Areas including Ganzhou in Jiangxi, Tancheng County in Shandong Province, Linxi County in Hebei Province, Huimin County in Shandong Province, Dali City in Yunnan Province, Xiuwen County in Guizhou Province; and signed cooperation framework agreements with governments of several poor counties to proactively promote the implementation of projects:

a. The Company and Pingguo County People's Government signed a cooperation framework agreement to establish a commercial pig farm and supporting feed production project. During the reporting period, the Company has established Pingguo County Yitun Ecological Agriculture Co., Ltd. The project is located in Pingguo County, a poverty-stricken county, and the Company has invested a total of RMB 940,000 in form of

funds and goods.

b. The Company signed a strategic cooperation framework agreement with the People's Government of Rongjiang County, Guizhou Province in relation to investment in establishment of a pig farming farm and supporting feed production project. During the reporting period, the Company has established and established Rongjiang County Yitun Ecological Agriculture Co., Ltd., and the project is located in Qianjiang County, a poverty-stricken county.

c. The Company signed a strategic cooperation framework agreement with the People's Government of Duyun City, Guizhou Province, in relation to investment in establishment of a pig farm and supporting feed production project. During the reporting period, the Company has established Duyun Yitun Ecological Agriculture Co., Ltd. The project is located in Duyun City and the Company has invested a total of RMB 310,000.

d. The Company signed an investment framework agreement with Guigang Municipal People's Government of Guangxi Zhuang Autonomous Region for the ecological and environment friendly pig farming project. During the reporting period, the Company has successfully established Guiping Yitun Ecological Agriculture Co., Ltd. in Guiping City, which will give full play to its own advantages and develop a new "company + farmer" non-environmental pollution-free pig farming model, and supports farmers to participate in project construction.

The Company has established CITIC Agricultural Industry Fund Management Co., Ltd. (hereinafter referred to as the "Management Company") with its own funds of RMB 5 million through cooperation with other partners, and has participated in the China Securities Zhongfu (Lankao) Industrial Investment Fund (Limited Partnership) (hereinafter referred to as the "Poverty Alleviation Fund") by holding the equity interests in the Management Company. During the reporting period, the Poverty Alleviation Fund has contacted with poverty-stricken counties in Henan Province, Hunan Province, Gansu Province, and Inner Mongolia Autonomous Region. The poverty alleviation projects invested by the Company include further processing of agricultural products, import isolation of live animals, information based education of middle and primary schools in Poverty-stricken Areas, tourism, biological pesticides, special farming and so on.

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 and provided poor students with living, school supplies and equipment with a value of RMB 22,000. At the same time, 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 RMB 11,000, and the Company insisted on combination of poverty alleviation, education improvement, and prompting ambition.

During the reporting period, the Company provided funds of RMB 61,500 to impoverished students in Baijiao Town, Doumen District, Zhuhai City, Guangdong Province, Yanxi Town, Changtai County, Zhangzhou City, Fujian Province and Pingnan County, Guigang City, Guangxi Zhuang Autonomous Region to assist their

enrollment in universities.

During the reporting period, the Company and Guangxi Liuzhou Animal Husbandry and Veterinary Medicine School signed an Agreement on Education on Demands for Targeted Poverty Alleviation through Education (教育精准扶贫订单办学协议书) and established "Haid Yitun" education class. During the reporting period, the company has donated RMB 20,000 for the education class and has provided training and education for 44 poor students.

3) Proactively participating in social poverty alleviation

During the reporting period, the Company continued to implement the national, provincial, and municipal poverty alleviation work arrangements and donated RMB 1.456 million on the Poverty Alleviation Day of Guangdong and the Qinnan District Poverty Alleviation Day of Guangxi in 2017 to help poor villages to get out of poverty; donated a total of approximately RMB 150,000 in the form of funds and goods to Shandong Poverty Alleviation and Development Foundation, Changde Poverty Alleviation and Development Office, Laomadi Village, Zhushan Town, Yiliang County, Kunming City, Yunnan Province, Musu Village, Shayuan Town, Maoming City, Guangdong Province, and the Company's point-to-point poverty-stricken households in Nanchang City to help the poor get out of poverty, improve their living environment and purchase social insurance for them.

(3) Targeted poverty alleviation achievements

Indicators	Unit of measurement	Quantity/ development situation
I. General information	—	—
Including: 1. Funds	RMB 0'000	22,688.1
2. Cash converted from materials	RMB 0'000	2.24
3. Number of registered poor people who were helped to be out of poverty	person	1
II. Sub-item investment	—	—
1. Poverty elimination through industrial development	—	—
Including: 1.1 Types of industrial development poverty elimination projects	—	Agriculture and forestry industry Poverty alleviation
1.2 Number of industrial development poverty elimination projects	item	34
1.3 Invested amount to industrial	RMB 0'000	22,519.25

development poverty elimination projects		
1.4 Number of registered poor people who were helped to relieve poverty	person	0
2. Poverty elimination through shift of occupation	—	—
Including: 2.1 Invested amount to vocational skills training	RMB 0'000	2
2.2 Number of person for vocational skills training	person	44
2.3 Number of registered poor households who were helped to be employed	person	0
3. Poverty elimination through relocation	—	—
4. Poverty elimination through education	—	—
Including: 4.1 Input of funding poor students	RMB 0'000	6.15
4.2 Number of poor students funded	person	430
4.3 Input of improving educational resources in poor areas	RMB 0'000	2.24
5. Poverty alleviation through improvement in health	—	—
6. Poverty alleviation through ecological protection	—	—
7. Minimum guarantee	—	—
8. Social poverty alleviation	—	—
9. Other projects	—	—
Including: 9.1. Number of projects	item	8
9.2. Invested amount	RMB 0'000	160.7
9.3. Number of people documented as poor people who were helped to relieve poverty	person	1
III. Awards granted (description, level)	—	—

(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, and engage in poverty alleviation.

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. [Note]	Sewage (COD , ammonia nitrogen, BOD, total phosphorus, suspended matter)	Discharge after sewage treatment	1	Sewage outlet	COD≤400mg/L; ammonia≤80 mg/L; BOD ≤150 mg/L; TP ≤8 mg/L; suspended matter≤200 mg/L	Standards in Table 5 under the Pollutant Discharge Standards for Livestock and Poultry Farming Industry (畜牧业污染物排放标准) (GB18596-2001)	During the reporting period, the amount of sewage discharged shall not exceed 128,000 tonnes per year as approved by the discharge permit.	The annual total discharge of sewage is 128,000 tonnes per year.	The total amount of sewage discharged has not exceeded the standard; the COD discharge indicator exceeded the standard by 0.355 time.

Note: The Company acquired 90% equity interests in Gaozhou Sanhe Animal Husbandry Co., Ltd. (hereinafter referred to as "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. As at the end of the reporting period, the Company had invested a total of RMB 1.77 million in environmental protection projects and equipment.

Construction and operation of pollution prevention and control facilities

During the reporting period, Gaozhou Sanhe was equipped with pollution prevention and control facilities as required and all environmental protection facilities were operating normally.

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

During the reporting period, 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.

Emergency plan for emergent environmental incidents

During the reporting period, Gaozhou Sanhe formulated the Emergency Management System for Urgent Environmental Incidents (突发环境事件应急管理制度) to circumvent emergent environmental incidents and improve the farms' ability to prevent, warn and deal with emergent environmental incidents in surrounding areas, prevent environmental risks, and control the spread of the situation to reduce environmental hazards and protect public health and environmental safety. The Emergency Management System for Urgent Environmental Incidents (突发环境事件应急管理制度) consists of 17 parts which mainly include: emergency management principles, emergency management agencies, operating mechanisms, emergency training and drills. At the same time, the company formulated the Measures for Management of Safety and Environmental Protection Incidents (安全环保事故事件管理办法) in 2018 to standardize the company's safety and environmental accident reporting and investigation procedures and enhance the level of accident management.

Self-monitoring program for environment

Gaozhou Sanhe has formulated a self-monitoring program for environment, installed an online monitoring system for pollution sources, and assigned special personnel to conduct daily monitoring.

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	13,132,644	0.85%	40,283,200			-6,736,400	33,546,800	46,679,444	2.96%
1.3 Shares held by other domestic investors	13,132,644	0.85%	40,283,200			-6,736,400	33,546,800	46,679,444	2.96%
Shares held by domestic natural persons	13,132,644	0.85%	40,283,200			-6,736,400	33,546,800	46,679,444	2.96%
2. Non-restricted shares	1,528,295,810	99.15%	99,800			162,000	261,800	1,528,557,610	97.04%
2.1 RMB common shares	1,528,295,810	99.15%	99,800			162,000	261,800	1,528,557,610	97.04%
3. Total shares	1,541,428,454	100.00%	40,383,000			-6,574,400	33,808,600	1,575,237,054	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 January 1, 2017 to March 3, 2017, 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 99,800 share options in the first exercise period, which thus increased the Company's total shares by 99,800 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 March 13, 2017, the Company granted 40,283,200 restricted shares to the 1,373 awardees of the 2016 Restricted Share Incentive Plan (《2016年限制性股票激励计划》). As of March 13, 2017, the Company had received a total of RMB 301,318,336.00 from the 1,373 awardees for subscription of those restricted shares, of which RMB 40,283,200.00 was added to the Company's registered capital and the other RMB 261,035,136.00 to capital reserves. This increase in capital was verified by GP Certified Public Accountants (LLP), which issued the Capital Verification Report GHYZ [2017] No. G16041031261 (广会验字[2017]G16041031261号《验资报告》). On March 20, 2017, 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 40,283,200 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》) had resigned for personal reasons, voluntarily given up the incentive or failed to meet the unlocking conditions for the second unlocking period, among others, the Company intended to repurchase and cancel a total of 5,846,400 restricted shares as invalid incentive. On April 27, 2017, 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. 2017-044) and publicized the capital decrease matter for 45 days. As of June 12, 2017, the Company had returned a total of RMB 21,105,504.00 to the relevant awardees in cash, thus reducing the share capital by RMB 5,846,400.00 and the capital reserves by RMB 15,259,104.00. This decrease in capital was verified by GP Certified Public Accountants (LLP), which issued the Capital Verification Report GHYZ [2017] No. G17029740018 (广会验字[2017]G17029740018号《验资报告》). On June 20, 2017, 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 5,846,400 shares.

(2) As 3 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 37 awardees of the 2016 Restricted Share Incentive Plan(revised draft)(《2016年限制性股票激励计划(修订稿)》) had resigned for personal reasons or had their labor contract terminated by the Company, among others, the Company intended to repurchase and cancel 109,200 and 618,800 restricted shares, respectively, that had been granted to them but were still in lockup, totaling 728,000 shares. On October 31, 2017, 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. 2017-086) and publicized the capital decrease matter for 45 days. As of December 19, 2017, the Company had returned a total of RMB 4,804,436.00 to the relevant awardees in cash, thus reducing the share capital by RMB 728,000.00 and the capital reserves by RMB 4,076,436.00. This decrease in capital was verified by GP Certified Public Accountants (LLP), which issued the Capital Verification Report GHYZ [2017] No. G17029740029 (广会验字广会验字[2017]G17029740029号《验资报告》). On December 26, 2017, 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 728,000 shares.

After all the changes above, the Company's total shares have changed from 1,541,428,454 shares to 1,575,237,054 shares.

Approval of share changes:

☒ Applicable ☐ Not applicable

1. On March 13, 2017, the Proposal on Granting 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限制性股票的议案》) was reviewed and approved at the Sixth Meeting of the Company's Fourth Board. As such, the Company was agreed to grant 40,283,200 restricted shares to 1,373 awardees at the price of RMB 7.48/share, with March 13, 2017 as the first grant day.

2. On April 25, 2017, the Proposal on Adjustment to Equities under Restricted Share and Share 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, among others, the Company was agreed to repurchase and cancel a total of 5,846,400 restricted shares as invalid incentive.

3. 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 3 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 37 awardees of the 2016 Restricted Share Incentive Plan (revised draft) (《2016年限制性股票激励计划(修订稿)》) had resigned for personal reasons or had their labor contract terminated by the Company, among others, the Company was agreed to repurchase and cancel 109,200 and 618,800 restricted shares, respectively, that had been granted to them but were still in lockup, totaling 728,000 shares. 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 Third Special Meeting of the Company's Shareholders in 2017.

Transfer of share ownership:

☐ 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	1,320,900	162,000		1,158,900	Her shares in lockup were recalculated on January 1, 2017	January 1, 2017
Li Tian	315,000		-100	314,900	Restricted shares as incentive: 157,400 restricted shares were granted and 157,500 restricted shares were repurchased and cancelled in the Reporting Period.	
Xueqiao Qian	73,500			73,500	Shares in lockup due to his senior management position	
Xueqiao Qian	294,000		-35,500	258,500	Restricted shares as incentive: 111,500 restricted shares were granted and 147,000 restricted shares were repurchased and cancelled in the Reporting Period.	
Shaolin Yang	168,000			168,000	Shares in lockup due to his senior management position	
Shaolin Yang	126,000		49,200	175,200	Restricted shares as incentive: 112,200 restricted shares were granted and 63,000 restricted shares were repurchased and cancelled in the Reporting Period.	
Zhijian Huang	230,244			230,244	Shares in lockup due to his senior management position	
Zhijian Huang	126,000		74,600	200,600	Restricted shares as incentive: 137,600 restricted shares were granted and 63,000 restricted shares were repurchased and cancelled in the Reporting Period.	

Other restricted share awardees	10,479,000		33,620,600	44,099,600	Restricted shares as incentive: A total of 39,764,500 restricted shares were granted and a total of 6,143,900 restricted shares were repurchased and cancelled in the Reporting Period.	
Total	13,132,644	162,000	33,708,800	46,679,444	--	--

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) During the period from January 1, 2017 to March 3, 2017, 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 99,800 share options in the first exercise period, which thus increased the Company's total shares by 99,800 shares.

(2) On March 13, 2017, the Company granted 40,283,200 restricted shares to the 1,373 awardees of the 2016 Restricted Share Incentive Plan (《2016年限制性股票激励计划》). This increase in capital was verified by GP Certified Public Accountants (LLP), which issued the Capital Verification Report GHYZ [2017] No. G16041031261 (广会验字[2017]G16041031261号《验资报告》). As such, the Company's total shares increased by 40,283,200 shares.

(3) On April 25, 2017, 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》) had resigned for personal reasons, voluntarily given up the incentive or failed to meet the unlocking conditions for the second unlocking period, among others, the Company repurchased and cancelled a total of 5,846,400 restricted shares as invalid incentive. This decrease in capital was verified by GP Certified Public Accountants (LLP), which issued the Capital Verification Report GHYZ [2017] No. G17029740018 (广会验字[2017]G17029740029号《验资报告》). As such, the Company's total shares decreased by 5,846,400 shares.

(4) On October 27, 2017, as 3 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 37 awardees of the 2016 Restricted Share Incentive Plan(revised draft) (《2016年限制性股票激励计划(修订稿)》) had resigned for personal reasons or had their labor contract terminated by the Company, among others, the Company repurchased and canceled 109,200 and 618,800 restricted shares, respectively, that had been granted to them but were still in lockup, totaling 728,000 shares. This decrease in capital was verified by GP Certified Public Accountants (LLP), which issued the Capital Verification Report

GHYZ [2017] No. G17029740029(广会验字[2017]G17029740029号《验资报告》). As such, the Company's total shares decreased by 728,000 shares.

After all the changes above, the Company's total shares have changed from 1,541,428,454 shares to 1,575,237,054 shares, and its capital reserves have increased by RMB 242,371,250.00.00. These changes have no material impact on the Company's assets or liabilities.

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	13,092	Common shareholders at month-end prior to disclosure of this Report	13,787	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	57.81%	910,589,359	-		910,589,359	Pledged	53,519,000
Norges Bank – Own Fund	Foreign juridical person	2.34%	36,845,665	6,102,382		36,845,665		
National Social Security	Other	1.95%	30,737,633	15,991,044		30,737,633		

Fund Portfolio 406								
China Merchants Bank Co., Ltd. - Orient Red Ruifeng Flexible Allocation Mixed Fund (LOF)	Other	1.34%	21,089,613	16,823,436		21,089,613		
Bank of China Limited —Dongfanghong Ruihua Shanghai-Hong Kong-Shenzhen Dynamic Asset Allocation Mixed Type Securities Investment Fund	Other	1.26%	19,782,550	7,589,467		19,782,550		
Hong Kong Securities Clearing Company Ltd.	Foreign juridical person	1.21%	18,994,709	15,210,552		18,994,709		
Central Huijin Asset Management Ltd.	State-owned juridical person	1.09%	17,187,600	-		17,187,600		
Huatai Securities Co., Ltd.	Domestic non-state-owned juridical person	1.03%	16,257,511	6,863,036		16,257,511		
ICBC Credit Suisse Fund—ICBC—Asset Management for Specific Clients	Other	1.01%	15,834,175	-947,515		15,834,175		
CDPQ or la Caisse	Foreign juridical person	0.85%	13,429,861	-1,509,500		13,429,861		
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
Norges Bank — Own Fund	36,845,665	RMB common stock	36,845,665
National Social Security Fund Portfolio 406	30,737,633	RMB common stock	30,737,633
China Merchants Bank Co., Ltd. - Orient Red Ruifeng Flexible Allocation Mixed Fund (LOF)	21,089,613	RMB common stock	21,089,613
Bank of China Limited — Dongfanghong Ruihua Shanghai-Hong Kong-Shenzhen Dynamic Asset Allocation Mixed Type Securities Investment Fund	19,782,550	RMB common stock	19,782,550
Hong Kong Securities Clearing Company Ltd.	18,994,709	RMB common stock	18,994,709
Central Huijin Asset Management Ltd.	17,187,600	RMB common stock	17,187,600
Huatai Securities Co., Ltd.	16,257,511	RMB common stock	16,257,511
ICBC Credit Suisse Fund — ICBC — Asset Management for Specific Clients	15,834,175	RMB common stock	15,834,175
CDPQ or la Caisse	13,429,861	RMB common stock	13,429,861
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	Nationality	Right of residence in other countries or regions
Hua Xue	Chinese	None
Main office titles	Chairman of the Board, General Manager	
Used-to-be-holding listed companies at home	N/A	

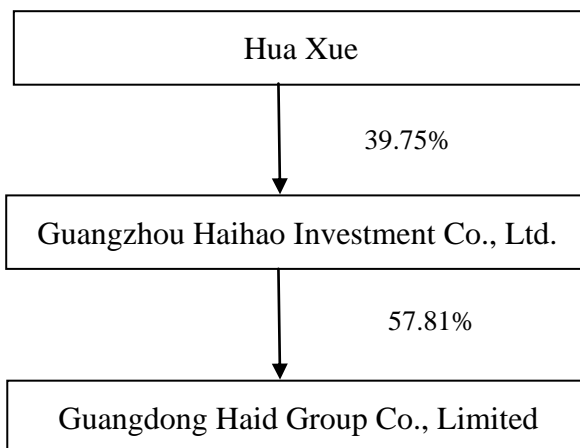
and abroad in past 10 years	
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Change of the actual controller during the Reporting Period:

☐ 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	48	June 6, 2007	June 7, 2019					
Hua Xue	General Manager	Incumbent	Male	48	May 25, 2010	June 7, 2019					
Yingzhuo Xu	Director and Vice General Manager	Incumbent	Male	50	June 6, 2007	June 7, 2019					
Li Tian	Vice General Manager	Incumbent	Female	46	June 6, 2007	June 6, 2019	1,965,200	157,400	157,500		1,965,100
Li Tian	Director	Incumbent	Female	46	June 7, 2016	June 7, 2019					
Xiaojun Shang	Director	Incumbent	Female	45	May 25, 2010	June 7, 2019					
Chengpin Lu	Independent Director	Incumbent	Male	73	November 13, 2015	June 7, 2019					
Xinchun Li	Independent Director	Incumbent	Male	56	August 21, 2013	June 7, 2019					
Erkang Deng	Independent Director	Incumbent	Female	50	August 21, 2013	June 7, 2019					
Qi Zhenxiong	Supervisor	Incumbent	Male	48	June 6, 2007	June 7, 2019					
Jing wang	Supervisor	Incumbent	Female	39	May 12, 2014	June 7, 2019					

Jia chen	Supervisor	Incumbent	Female	36	August 21, 2013	June 7, 2019					
Mingzhong Chen	Vice General Manager	Incumbent	Male	53	June 6, 2007	June 7, 2019					
Zhijian Huang	Vice General Manager and Board Secretary	Incumbent	Male	40	July 26, 2012	June 7, 2019	474,992	137,600	63,000		549,592
Xueqiao Qian	Chief Engineer	Incumbent	Male	51	June 6, 2007	June 7, 2019	490,000	111,500	147,000		454,500
Shaolin Yang	Chief Financial Officer	Incumbent	Male	44	October 22, 2012	June 7, 2019	392,000	112,200	63,000		441,200
Total	--	--	--	--	--	--	3,322,192	518,700	430,500		3,410,392

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, Chinese nationality, 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), Vice Chairman of China Association of Young Rural Entrepreneurial Leaders (CAYREL), Chairman of China Vocational Education Group of Modern Fishery, 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, NPC Member of the 14th National Congress of the Communist Party of Guangzhou, Vice Chairman of the 14th Executive Committee of Guangzhou Federation of Industry and Commerce, and President of Guangzhou Association of Agricultural Leading Enterprises. 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, Chinese nationality, 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. 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.

(3) Yingzhuo Xu

Mr. Yingzhuo Xu, Chinese nationality, 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, Singaporean citizen, has obtained the permanent residency 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, Chinese nationality, 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 Deputy Chairman of National Veterinary Professional Degree Education Steering Committee, 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, Chinese nationality, 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 Yuetai Group Co., Ltd. (600393) and an independent director of Guangzhou Digital Media Co., Ltd. (871828).

(7) Erkang Deng

Ms. Erkang Deng, Chinese nationality, 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 and Chief Financial Officer of Changzhou Bbetter Film Technologies Co., Ltd..

2. Supervisors

(1) Zhenxiong Qi

Dr. Zhenxiong Qi, Chinese nationality, 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. From June 6, 2007 to May 25, 2010, May 25, 2010 to August 21, 2013, August 21, 2013 to June 7, 2016, and June 7, 2016 till now, he respectively served as the supervisor of the 1st Supervisory Committee of the Company, the 2nd Supervisory Committee of the Company, the 3rd Supervisory Committee of the Company and the 4th Supervisory Committee of the Company. Besides, Mr. Qi Zhenxiong holds 0.1% equity interests in the Company's controlling shareholder Guangzhou Haihao Investment Co., Ltd..

(2) Jing Wang

Ms. Jing Wang, Chinese nationality, 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, Chinese nationality, 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, Chinese nationality, 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, Chinese nationality, no permanent residency abroad, Associate Professor, has obtained the doctorate 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, Chinese nationality, 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 Chinese nationality and 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
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	Lecturer, Associate Professor and 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	May 13, 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 and Chief Financial Officer	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	June 5, 2016	June 5, 2019	Yes

		master's degree students			
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 (in RMB ten thousand)

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	48	Incumbent	322.32	None
Yingzhuo Xu	Director and Vice General Manager	Male	50	Incumbent	121.45	None
Li Tian	Director and Vice General Manager	Female	46	Incumbent	246.77	None
Xiaojun Shang	Director	Female	45	Incumbent	0	None
Xinchun Li	Independent Director	Male	56	Incumbent	8	None
Erkang Deng	Independent Director	Female	50	Incumbent	8	None
Chengping Lu	Independent Director	Male	73	Incumbent	8	None
Zhenxiong Qi	Supervisor	Male	48	Incumbent	91.49	None

Jing Wang	Supervisor	Female	39	Incumbent	62.15	None
Jia Chen	Supervisor	Female	36	Incumbent	27.62	None
Mingzhong Chen	Vice General Manager	Male	53	Incumbent	82.64	None
Zhijian Huang	Board Secretary and Vice General Manager	Male	40	Incumbent	100.73	None
Shaolin Yang	Chief Financial Officer	Male	44	Incumbent	103.83	None
Xueqiao Qian	Chief Engineer	Male	51	Incumbent	105.91	None
Total	--	--	--	--	1,288.91	--

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	0	0	315,000		157,400	7.48	314,900
Zhijian Huang	Board Secretary and Vice General Manager	0	0	0	0	126,000		137,600	7.48	200,600
Shaolin Yang	Chief Financial Officer	0	0	0	0	126,000		112,200	7.48	175,200
Xueqiao Qian	Chief Engineer	0	0	0	0	294,000		111,500	7.48	258,500
Total	--	0	0	--	--	861,000	0	518,700	--	949,200
Remark (if any)		1. The restricted shares of the Company's directors and senior management in this table are in lockup. 2. As the appraisal indicators of the Company's 2016 annual operating performance failed to meet the unlocking/exercise conditions as in the Restricted Share and Share Option Incentive Plan (《限制性股票与								

	股票期权激励计划》) the 5,493,600 restricted shares of all the awardees in the second unlocking period should not be unlocked and should be repurchased and cancelled by the Company instead. A total of 430,500 restricted shares were repurchased from these directors and senior management, including 157,500 shares from Li Tian, 63,000 shares from Zhijian Huang, 63,000 shares from Shaolin Yang and 147,000 shares from Xueqiao Qian.
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V Employees

1. Numbers, Functions and Educational Backgrounds of Employees

Number of in-service employees of Parent Company (Haid Group exclusive of subsidiaries)	901
Number of in-service employees of major subsidiaries	14,667
Total number of in-service employees	15,138
Total number of paid employees in Reporting Period	15,138
Number of retirees to whom Parent Company or its major subsidiaries need to pay retirement pension	0
Functions	
Function	Employees
Production	6,214
Sales	5,345
Technical	1,089
Financial	798
Administrative	1,349
Procurement	343
Total	15,138
Educational backgrounds	
Educational background	Employees
Doctoral degree	68
Master's degree	510
Bachelor's degree	3,211
Junior college	2,870
Senior high school, technical secondary school and below	8,479
Total	15,138

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

Employee training has always been a priority for the Company. It draws up annual training plans based on the needs of the employees and the Company. A sound training system has been put in place to cover diversified trainings in form and content, including the corporate culture training given to employees when they first join the Company, the specific skill trainings and managerial expertise trainings provided when they become official employees, and lectures given by experts and seminars, as well as trainings inside and outside the Company, which has helped improve employees' professional skills and quality.

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 among the authorities, decision-making bodies, supervisory bodies and the management, 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, Future Foreign Exchange Settlement Management System, The Implementation and Assessment Management Policies for the Restricted Stock Option and the Stock Option Incentive Plans, 2016 Annual Implementation and Assessment Management Policies for the Restricted Stock Option Assessment Plans and Foreign Exchange Hedging Management 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 Shareholders' Meeting

During the Reporting Period, the Company strictly adhered to applicable laws and regulations such as Corporation Law, Rules of the Shareholders' General Meeting of Listed Companies, Articles of Association, and Rules of Procedure of the Shareholders' General Meeting, and standardized the convening, holding and voting procedures of the Shareholders' 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 2017, four shareholders' 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 Controlling Shareholders

The Company has independent and complete businesses and independent management capabilities. It is completely independent from the controlling shareholders in terms of business, personnel, assets, organization, and finance. The controlling shareholders exercises their rights and assume 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

(1) According to Guangdong Securities Regulatory Commission [2017] No. 11 Notice on Forwarding the Notice on the Implementation of Law Propaganda and Education Activities on National Security Education Day, the Group actively organized directors, supervisors, senior management personnel, and employees from the headquarters and various subsidiaries to completely participate in such activities, and created a strong and good atmosphere for such security education by means of training lectures, dissemination via the Internet platforms, and drills. Through the successful implementation of the law propaganda and education activities, the Group has extensively promoted the importance of national security and its own safety, effectively raised employees' safety awareness, and consciously safeguarded the national security and its own safety.

(2) According to relevant instructions and requirements stated in Guangdong Securities Regulatory Commission [2017] No. 21 Notice on Launching the Special Publicity Campaign for Investor Protection, Rules Formulation, and Risk Identification within the Jurisdiction, the Company focused on Investor Protection as the theme of the publicity campaign, and carried out relevant activities by five stages--Insider Trading, Market Manipulation, Information Disclosure Violations, Illegal Operations of Main Market Players, and Conventional Publicity. During this period, the activity planning team led by the chairman of the Board, deputy general manager, secretary of the Board, director of the Company's president office successfully created a good and favorable atmosphere for such publicity, and made full use of various platforms including newspapers and periodicals, and the Internet, and various training seminars to enhance the level of knowledge in finance and law of investors and strengthen their legal awareness and risk prevention awareness.

(3) According to Guangdong Securities Regulatory Commission [2017] No.98 Notice on Printing and Distributing Information Disclosure and Warning Education Materials for Listed Companies, the Group organized directors, supervisors, senior management personnel and related personnel to seriously study Compilation of Information Disclosure Violations of Listed Companies compiled and published by China Securities Regulatory Commission Guangdong Office, and some of these cases and content were discussed deeply. In this case, directors, supervisors

and senior management of the Group made clear work instructions to relevant departments involved in such information disclosure, and required relevant departments to learn lessons from these cases and attach great importance to and strictly guarantee the authenticity, accuracy, completeness, timeliness and fairness of disclosed information.

(4) In order to respond to the spirit of Guangdong Securities Regulatory Commission [2017] No. 113 Notice on Conducting 2017 Publicity Campaign on National Constitution Day (December 4), thoroughly implement the spirit of the 19th National Congress of the Communist Party of China, strengthen the concept of rule by law of the people, and promote constitution awareness, the Group's Propaganda Department under the leadership of directors, supervisors and senior management personnel applied various platforms to disseminate relevant legal propaganda materials and work reports of the 19th National Congress of the Communist Party of China.

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 mark 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 business, with no reliance on 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. 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 Special Meetings of Shareholders Convened during Reporting Period

1. General Meetings Convened during Reporting Period

Meeting	Type	Investor participation ratio	Date	Disclosure date	Index to disclosed information
First Non-operating General Meeting in 2017	Extraordinary	62.90%	February 15, 2017	February 16, 2017	Announcement on Resolutions of First Extraordinary General Meeting in 2017 (No. 2017-019) disclosed on Securities Times, China Securities Journal, Securities Daily and www.cninfo.com.cn
2016 Annual General Meeting	Annual	60.92%	May 17, 2017	May 18, 2017	Announcement on Resolutions of 2016 Annual General Meeting (No. 2017-050) disclosed on Securities Times, China Securities Journal, Securities Daily and www.cninfo.com.cn
Second Non-operating General Meeting in 2017	Extraordinary	63.07%	September 13, 2017	September 14, 2017	Announcement on Resolutions of Second Extraordinary General Meeting in 2017 (No. 2017-073) disclosed on Securities Times, China Securities Journal, Securities Daily and www.cninfo.com.cn
Third Non-operating General Meeting in 2017	Extraordinary	63.04%	November 20, 2017	November 21, 2017	Announcement on Resolutions of Third Extraordinary General Meeting in 2017 (No. 2017-087) 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 Meetings of Shareholders

Attendances of independent directors at board meetings and meetings of shareholders							
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 meetings of shareholders
Chengping Lu	7	3	4	0	0	N/A	0
Xinchun Li	7	5	2	0	0	N/A	2
Erkang Deng	7	2	5	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 Code of Corporate Governance for Listed Companies in China, the Directive on Establishment of Independent Director System in Listed Companies, the Rules for Independent Directors and other applicable laws and regulations. Upon an in-depth knowledge about the Company's production and operation status obtained through attending the Company's board meetings and meetings of shareholders, 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 opinion on the Company's deposit and use of raised funds, provision of guarantees for external parties, credits and liabilities with related parties, internal control, independent auditor engagement, investments in external parties, hedging business, profit distribution, equity incentive and key personnel stock ownership plans 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. Performance of Duties by Audit Committee under Board

The Audit Committee under the fourth Board convened a total of six meetings during the Reporting Period, with details as follows:

On January 4, 2017, the Audit Committee convened its first meeting in 2017, where a summary of the internal audit in 2016 was presented, the internal audit plan for 2017 was discussed, and a detailed work plan for the financial and internal control execution matters and other specialized audits was drawn up for the Company and its subsidiaries.

On April 20, 2017, the Audit Committee convened its second meeting in 2017, where the accountants from GP Certified Public Accountants LLP reported their audit on the Company's 2016 annual financial statements and communicated with the Company on the first draft of the independent auditor's report for 2016.

On April 24, 2017, the Audit Committee convened its third meeting in 2017, where the Q1 2017 Financial Statements and the Internal Audit Report (Q1 2017) were reviewed and approved.

On June 23, 2017, the Audit Committee convened its fourth meeting in 2017, where the Company's accounting policy changes were reviewed and approved upon careful discussion.

On August 4, 2017, the Audit Committee convened its fifth meeting in 2017, where the H1 2017 Financial Statements and the Internal Audit Report (H1 2017) were reviewed and approved.

On October 24, 2017, the Audit Committee convened its sixth meeting in 2017, where the Q3 2017 Financial Statements and the Internal Audit Report (Q3 2017) were reviewed and approved, and the internal audit plan for 2018 was discussed.

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, with details as follows:

On March 7, 2017, the Compensation and Appraisal Committee convened its first meeting in 2017, where the following matters were reviewed and approved: the cancellation of invalid share options under the Restricted Share and Share Option Incentive Plan (《限制性股票与股票期权激励计划》) the adjustments to the number of equities under the 2016 Restricted Share Incentive Plan (Revised Draft) (《2016年限制性股票激励计划(修订稿)》), the first grant of restricted shares under the 2016 Restricted Share Incentive Plan (Revised Draft (《2016年限制性股票激励计划(修订稿)》) and a growth sharing incentive plan, among others.

On March 31, 2017, the Compensation and Appraisal Committee convened its second meeting in 2017, where a post revision plan and a compensation plan were reviewed and approved.

On April 20, 2017, the Compensation and Appraisal Committee convened its third meeting in 2017, where the following matters were reviewed and approved: the adjustments to the number of equities under the Restricted Share and Share Option Incentive Plan (《限制性股票与股票期权激励计划》) and the cancellation (or repurchase and cancellation) of the invalid incentive for the unlocking (or exercise) conditions for the second unlocking (or exercise) period not being met.

On October 24, 2017, the Compensation and Appraisal Committee convened its fourth meeting in 2017, where the following matters were reviewed and approved: the adjustments to the numbers of equities under 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 Draft (《2016年限制性股票激励计划(修改稿)》)), as well as the repurchase and cancellation of the corresponding restricted shares and the cancellation of the corresponding share options.

On November 29, 2017, the Compensation and Appraisal Committee convened its fifth meeting in 2017, where the grant of reserved restricted shares to awardees under the 2016 Restricted Share Incentive Plan (Revised Draft (《2016年限制性股票激励计划(修订稿)》)) was reviewed and approved.

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, with details as follows:

On January 4, 2017, the Nomination Committee convened its first meeting in 2017, where a proposal on the nominated general manager for the strategic development division and another nominated general manager for the Yitun pig business division, together with their qualifications, was reviewed.

On November 29, 2017, the Nomination Committee convened its second meeting in 2017, where a proposal on a nominated assistant to the president in charge of segment operation and management, together with the assistant's qualifications, was reviewed.

4. Performance of Duties by Strategy Committee under Board

The Strategy Committee under the fourth Board convened a total of three meetings during the Reporting Period, with details as follows:

On January 4, 2017, the Strategy Committee convened its first meeting in 2017, where the plan for commodity futures, option hedging and foreign exchange hedging transactions was reviewed and approved.

On February 8, 2017, the Strategy Committee convened its second meeting in 2017 to discuss the investment strategy for the big farming business in the future.

On June 20, 2017, the Strategy Committee convened its third meeting in 2017, where the following matters were reviewed and approved: the incorporation of a microcredit subsidiary and the acquisition of a 60% stake in Shandong Daxin Group Co., Ltd.

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	April 20, 2018
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	100.00%

revenue		
Internal control deficiency identification standards		
Type	Financial-reporting related	Non-financial-reporting related
Nature standard	<p>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.</p> <p>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.</p> <p>An ordinary deficiency refers to any deficiency that is neither a material</p>	<p>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.</p> <p>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.</p> <p>An ordinary deficiency refers to any deficiency that is neither a material deficiency nor a serious deficiency.</p>

	deficiency nor a serious deficiency.	
Quantitative standard	<p>Material deficiency: misstated amount \geq 5% of net asset value.</p> <p>Serious deficiency: 3% of net asset value \leq misstated amount $<$ 5% of net asset value.</p> <p>Ordinary deficiency: misstated amount $<$ 3% of net asset value.</p>	<p>Material deficiency: the direct loss caused to the Company \geq RMB 1 million.</p> <p>Serious deficiency: RMB 0.5 million \leq the direct loss caused to the Company $<$ RMB 1 million.</p> <p>Ordinary deficiency: the direct loss caused to the Company $<$ RMB 0.5 million.</p>
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 Assurance Report on Internal Control

Not applicable.

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 [2018] No. G17036520013

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 December 31, 2017, 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 December 31, 2017, 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) Allowance for Doubtful Accounts Receivable

1. Description

As of December 31, 2017, the balance of the Company’s accounts receivable stood at RMB 864.38

million, with an allowance of RMB 104.10 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 4 under the heading “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.

(II) Impairment in Goodwill

1. Description

As of December 31, 2017, the balance of the Company’s goodwill stood at RMB 297.12 million, with an allowance of RMB 2.58 million for impairment in goodwill. For further information, see note III of the financial statements, item 22 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

We compared the relevant asset groups' actual results in 2017 with their corresponding estimates made in the prior year to evaluate the reliability of the management's estimates on cash flows. Meanwhile, by referring to industry practice, we evaluated the appropriateness of the valuation methods used by the management in estimating the cash flows.

We compared the data used in the estimation of the cash flows with historical data. We also 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. Additionally, 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 2017 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: Xian Hongei
(Engagement Partner)

Chinese CPA: Li Xujia

Guangzhou China

April 19, 2018

1. Consolidated Balance Sheet

[English translation for reference only]

Prepared by Guangdong Haid Group Co., Limited

Unit: RMB

Item	December 31, 2017	December 31, 2016
Current assets:		
Monetary assets	1,392,046,440.33	1,544,038,368.64
Settlement reserve		
Interbank loans granted		
Financial assets at fair value through profit or loss	9,601,140.00	25,129,490.00
Derivative financial assets		
Notes receivable	19,209,112.07	12,647,272.79
Accounts receivable	760,285,344.09	575,469,413.38
Prepayments	744,735,722.57	520,059,372.77
Premiums receivable		
Reinsurance receivables		
Receivable reinsurance contract reserve		
Interest receivable	1,802,621.51	112,525.00
Dividends receivable		
Other receivables	360,198,872.96	263,434,066.32
Financial assets purchased under resale agreements		
Inventories	3,383,848,292.19	2,057,360,267.29
Assets classified as held for sale		
Current portion of non-current assets		
Other current assets	214,976,686.51	315,427,537.52
Total current assets	6,886,704,232.23	5,313,678,313.71
Non-current assets:		
Loans and advances to customers		
Available-for-sale financial assets	283,721,350.00	304,326,300.00
Held-to-maturity investments		
Long-term receivables	10,531,182.97	9,983,818.73
Long-term equity investments	32,554,508.11	14,655,965.08
Investment property	78,309,684.87	78,797,688.32
Property, plant and equipment	3,760,863,514.36	3,112,968,819.59
Construction in progress	331,973,573.26	209,254,285.27
Engineering materials		
Proceeds from disposal of property, plant and equipment		
Productive living assets	17,121,846.74	19,186,575.33
Oil and gas assets		
Intangible assets	846,002,659.79	606,251,777.43
R&D expense	6,936,387.95	11,618,835.13
Goodwill	294,540,631.48	181,675,925.85
Long-term prepaid expense	195,501,009.05	134,504,180.12
Deferred income tax assets	289,789,208.00	217,581,144.58

Other non-current assets	125,906,914.12	73,406,510.31
Total non-current assets	6,273,752,470.70	4,974,211,825.74
Total assets	13,160,456,702.93	10,287,890,139.45
Current liabilities:		
Short-term borrowings	2,303,898,763.70	1,608,616,105.38
Borrowings from central bank		
Customer deposits and deposits from banks and other financial institutions		
Interbank loans obtained		
Financial liabilities at fair value through profit or loss	18,771,309.55	1,768,330.00
Derivative financial liabilities		
Notes payable		
Accounts payable	1,228,192,300.58	939,144,383.10
Advances from customers	1,187,389,466.67	1,158,082,274.10
Financial assets sold under repurchase agreements		
Handling charges and commissions payable		
Payroll payable	532,053,872.59	385,362,328.70
Taxes payable	75,977,766.22	44,679,597.65
Interest payable	5,188,104.75	3,230,460.23
Dividends payable	8,880,810.40	2,388,168.75
Other payables	550,146,036.68	129,411,103.47
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		
Other current liabilities	97,919,123.92	64,036,794.03
Total current liabilities	6,008,417,555.06	4,336,719,545.41
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Long-term payables	101,574,138.86	2,388,168.77
Long-term payroll payable	72,463,249.40	43,126,395.03
Specific payables		
Provisions		
Deferred income	75,417,073.10	74,939,304.70
Deferred income tax liabilities	65,655,212.14	22,604,876.91
Other non-current liabilities		
Total non-current liabilities	315,109,673.50	143,058,745.41
Total liabilities	6,323,527,228.56	4,479,778,290.82
Owners' equity:		

Share capital	1,575,237,054.00	1,541,428,454.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	1,849,285,839.41	1,512,859,968.55
Less: Treasury shares	302,540,781.00	40,893,365.00
Other comprehensive income	-2,771,414.88	15,148,924.06
Specific reserve		
Surplus reserves	381,963,650.77	296,643,179.04
General reserve		
Retained earnings	2,973,520,338.94	2,324,405,117.52
Total equity attributable to shareholders of Company (Haid Group exclusive of subsidiaries)	6,474,694,687.24	5,649,592,278.17
Non-controlling interests	362,234,787.13	158,519,570.46
Total owners' equity	6,836,929,474.37	5,808,111,848.63
Total liabilities and owners' equity	13,160,456,702.93	10,287,890,139.45

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	December 31, 2017	December 31, 2016
Current assets:		
Monetary assets	908,775,398.48	1,161,987,246.06
Financial assets at fair value through profit or loss	2,295,520.00	7,458,190.00
Derivative financial assets		
Notes receivable		
Accounts receivable		1,548,577.42
Prepayments	2,658,800.00	11,989,285.96
Interest receivable	964,410.93	36,164.38
Dividends receivable	35,271,940.95	
Other receivables	5,186,480,721.39	3,701,533,097.58
Inventories	526,200.00	4,170,868.62
Assets classified as held for sale		
Current portion of non-current assets		
Other current assets	102,510,705.87	201,281,530.72
Total current assets	6,239,483,697.62	5,090,004,960.74
Non-current assets:		
Available-for-sale financial assets	252,000,000.00	251,000,000.00
Held-to-maturity investments		
Long-term receivables	1,518,902.50	1,005,526.50
Long-term equity investments	2,446,634,148.53	1,871,785,950.62
Investment property	57,508,103.78	57,295,395.39
Property, plant and equipment	188,151,399.29	163,564,293.15
Construction in progress	2,110,291.85	26,957,781.08
Engineering materials		

Proceeds from disposal of property, plant and equipment		
Productive living assets		
Oil and gas assets		
Intangible assets	54,052,625.93	46,584,862.82
R&D expense		
Goodwill		
Long-term prepaid expense	19,999,474.32	11,191,772.06
Deferred income tax assets	99,958,215.87	78,365,952.48
Other non-current assets	1,719,904.77	805,616.72
Total non-current assets	3,123,653,066.84	2,508,557,150.82
Total assets	9,363,136,764.46	7,598,562,111.56
Current liabilities:		
Short-term borrowings	1,651,081,274.16	1,350,935,350.00
Financial liabilities at fair value through profit or loss	18,003,916.36	1,707,930.00
Derivative financial liabilities		
Notes payable		
Accounts payable	3,841,782.78	2,232,986.27
Advances from customers		396,550.00
Payroll payable	117,090,429.49	68,918,622.16
Taxes payable	6,008,234.23	4,265,614.54
Interest payable	4,568,756.23	2,901,750.15
Dividends payable	3,841,961.69	2,388,168.75
Other payables	2,192,507,455.76	1,412,163,207.70
Liabilities directly associated with assets classified as held for sale		
Current portion of non-current liabilities		
Other current liabilities	7,221,463.77	4,306,052.86
Total current liabilities	4,004,165,274.47	2,850,216,232.43
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Long-term payables	101,574,138.86	2,388,168.77
Long-term payroll payable		
Specific payables		
Provisions		
Deferred income	13,360,846.55	5,822,940.10
Deferred income tax liabilities	8,977,906.64	2,118,596.13
Other non-current liabilities		
Total non-current liabilities	123,912,892.05	10,329,705.00
Total liabilities	4,128,078,166.52	2,860,545,937.43
Owners' equity:		
Share capital	1,575,237,054.00	1,541,428,454.00
Other equity instruments		

Including: Preferred shares		
Perpetual bonds		
Capital reserves	1,914,381,221.12	1,569,915,182.39
Less: Treasury shares	302,540,781.00	40,893,365.00
Other comprehensive income		
Specific reserve		
Surplus reserves	381,963,650.77	296,643,179.04
Retained earnings	1,666,017,453.05	1,370,922,723.70
Total owners' equity	5,235,058,597.94	4,738,016,174.13
Total liabilities and owners' equity	9,363,136,764.46	7,598,562,111.56

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

Unit: RMB

Item	2017	2016
1. Total operating revenue	32,556,634,127.38	27,185,309,985.32
Including: Sales revenue	32,556,634,127.38	27,185,309,985.32
Interest revenue		
Premium revenue		
Handling charge and commission revenue		
2. Total operating costs	31,270,302,771.79	26,265,962,445.88
Including: Cost of sales	28,979,578,692.42	24,625,416,153.34
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	47,090,570.89	33,744,344.90
Selling expense	1,070,474,010.85	761,033,415.86
Administrative expense	1,047,237,762.73	756,304,596.69
Financial expenses	80,452,779.18	70,268,699.78
Impairment losses on assets	45,468,955.72	19,195,235.31
Add: Gain on changes in fair value ("-" for loss)	-32,550,170.35	26,088,100.00
Return on investment ("-" for loss)	174,653,719.01	55,176,421.39
Including: Share of profit or loss of joint ventures and associates	6,438,634.76	3,578,379.82
Gains on foreign exchange ("-" for loss)		
Gains on assets disposal ("-" for loss)	6,037,071.03	3,383,608.77
Other income	41,395,359.88	
3. Operating income ("-" for loss)	1,475,867,335.16	1,003,995,669.60
Add: Non-operating gain	28,416,521.26	58,036,722.33
Less: Non-operating loss	22,219,213.88	18,054,107.31
4. Pretax income ("-" for loss)	1,482,064,642.54	1,043,978,284.62
Less: Income tax expense	255,604,928.97	171,398,030.44
5. Net income ("-" for net loss)	1,226,459,713.57	872,580,254.18

5.1 Net income from continuing operations (“-” for net loss)	1,226,459,713.57	872,580,254.18
5.2 Net income from discontinued operations (“-” for net loss)		
Net income attributable to shareholders of Company	1,207,225,209.35	855,810,234.81
Net income attributable to non-controlling interests	19,234,504.22	16,770,019.37
6. Other comprehensive income, net of tax	-16,856,264.57	14,190,668.57
Attributable to shareholders of Company	-17,920,338.94	15,075,849.91
6.1 Items that will not be reclassified to profit or loss		
6.1.1 Changes in net liabilities or assets caused by remeasurements on defined benefit pension schemes		
6.1.2 Share of other comprehensive income of investees that will not be reclassified to profit or loss under equity method		
6.2 Items that may subsequently be reclassified to profit or loss	-17,920,338.94	15,075,849.91
6.2.1 Share of other comprehensive income of investees 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	-17,920,338.94	15,075,849.91
6.2.6 Other		
Attributable to non-controlling interests	1,064,074.37	-885,181.34
7. Total comprehensive income	1,209,603,449.00	886,770,922.75
Attributable to shareholders of Company	1,189,304,870.41	870,886,084.72
Attributable to non-controlling interests	20,298,578.59	15,884,838.03
8. Earnings per share		
8.1 Basic earnings per share	0.78	0.55
8.2 Diluted earnings per share	0.78	0.55

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	2017	2016
1. Sales revenue	1,029,514,416.38	562,873,872.87
Less: Cost of sales	439,252,584.03	183,773,462.03
Taxes and surtaxes	3,995,041.77	4,471,709.07
Selling expense	7,711,441.89	6,838,883.19
Administrative expense	316,375,501.94	206,147,858.73
Financial expenses	111,099,746.02	124,264,912.07
Impairment losses on assets	422,915.16	-243,696.49
Add: Gain on changes in fair value ("-" for loss)	-21,458,656.36	6,733,070.00
Return on investment ("-" for loss)	755,967,175.94	1,004,710,383.51
Including: Share of profit or loss of joint ventures and associates	4,968,619.45	3,978,755.25
Gains on assets disposal ("-" for loss)	-42,365.88	33,108.26
Other income	14,689,716.12	
2. Operating income ("-" for loss)	899,813,055.39	1,049,097,306.04
Add: Non-operating gain	8,993,035.99	22,511,838.38
Less: Non-operating loss	2,500,860.63	4,470,110.35
3. Pretax income ("-" for loss)	906,305,230.75	1,067,139,034.07
Less: Income tax expense	53,100,513.47	17,758,832.32
4. Net income ("-" for net loss)	853,204,717.28	1,049,380,201.75
4.1 Net income from continuing operations ("-" for net loss)	853,204,717.28	1,049,380,201.75
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 in net liabilities or assets caused by remeasurements on defined benefit pension schemes		
5.1.2 Share of other comprehensive income of investees that will not be reclassified into profit or loss under equity method		
5.2 Items that may subsequently be reclassified to profit or loss		
5.2.1 Share of other comprehensive income of investees 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	853,204,717.28	1,049,380,201.75
7. Earnings per share		
7.1 Basic earnings per share	0.55	0.68
7.2 Diluted earnings per share	0.55	0.67

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

Unit: RMB

Item	2017	2016
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	33,544,235,792.90	28,084,310,664.81
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 at fair value through profit or loss		
Interest, handling charges and commissions received	3,813,764.79	
Net increase in interbank loans obtained		
Net increase in proceeds from repurchase transactions		
Tax rebates	4,055,969.22	13,686,115.76
Cash generated by other operating activities	122,605,560.15	77,945,398.02
Subtotal of cash generated by operating activities	33,674,711,087.06	28,175,942,178.59
Payments for commodities and services	30,201,765,337.10	24,905,396,167.42
Net increase in loans and advances to customers	83,000,000.00	20,000,000.00
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	1,574,349,631.70	1,252,613,654.29
Taxes paid	336,639,740.76	304,263,224.59
Cash used in other operating activities	984,734,921.65	551,514,584.56
Subtotal of cash used in operating activities	33,180,489,631.21	27,033,787,630.86
Net cash flows from operating activities	494,221,455.85	1,142,154,547.73
2. Cash flows from investing activities:		
Proceeds from disposal of investments	5,669,875,076.07	3,658,878,524.85

Proceeds from return on investment	146,117,647.30	51,980,563.48
Net proceeds from disposal of property, plant and equipment, intangible assets and other long-lived assets	13,252,851.86	11,690,727.50
Net proceeds from disposal of subsidiaries or other business units	958,489.00	38,158,525.62
Cash generated by other investing activities	8,476,759.52	5,667,728.34
Subtotal of cash generated by investing activities	5,838,680,823.75	3,766,376,069.79
Payments for acquisition of property, plant and equipment, intangible assets and other long-lived assets	1,217,177,723.12	668,716,071.19
Payments for investments	5,579,486,677.45	4,010,096,179.73
Net increase in pledged loans granted		
Net payments for acquisition of subsidiaries and other business units	113,461,906.70	83,917,117.62
Cash used in other investing activities		
Subtotal of cash used in investing activities	6,910,126,307.27	4,762,729,368.54
Net cash flows from investing activities	-1,071,445,483.52	-996,353,298.75
3. Cash flows from financing activities:		
Capital contributions received	327,389,343.50	63,273,914.76
Including: Capital contributions by non-controlling interests to subsidiaries	25,299,553.50	4,943,902.26
Increase in borrowings obtained	4,110,549,588.79	2,528,196,301.31
Net proceeds from issuance of bonds		
Cash generated by other financing activities	6,280,000.00	35,096,400.00
Subtotal of cash generated by financing activities	4,444,218,932.29	2,626,566,616.07
Repayment of borrowings	3,379,431,630.10	1,894,656,500.52
Payments for interest and dividends	591,778,280.22	478,351,249.16
Including: Dividends paid by subsidiaries to non-controlling interests	22,988,242.97	17,813,136.29
Cash used in other financing activities	46,616,282.75	10,627,167.04
Subtotal of cash used in financing activities	4,017,826,193.07	2,383,634,916.72
Net cash flows from financing activities	426,392,739.22	242,931,699.35
4. Effect of foreign exchange rate changes on cash and cash equivalents	-11,986,940.56	16,707,093.32
5. Net increase in cash and cash equivalents	-162,818,229.01	405,440,041.65
Add: Cash and cash equivalents, beginning of the period	1,537,093,788.38	1,131,653,746.73
6. Cash and cash equivalents, end of the period	1,374,275,559.37	1,537,093,788.38

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

Unit: RMB

Item	2017	2016
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	71,845,730.20	5,710,170.66
Tax rebates		7,797,196.89
Cash generated by other operating activities	32,951,754,273.32	23,879,225,955.64

Subtotal of cash generated by operating activities	33,023,600,003.52	23,892,733,323.19
Payments for commodities and services	59,012,599.76	20,491,301.93
Cash paid to and for employees	181,288,504.44	117,820,631.84
Taxes paid	23,543,243.63	16,143,971.85
Cash used in other operating activities	32,845,898,890.01	24,021,378,070.47
Subtotal of cash used in operating activities	33,109,743,237.84	24,175,833,976.09
Net cash flows from operating activities	-86,143,234.32	-283,100,652.90
2. Cash flows from investing activities:		
Proceeds from disposals of investment	5,369,301,067.20	3,586,990,643.65
Proceeds from return on investment	99,996,233.35	995,336,256.36
Net proceeds from disposal of property, plant and equipment, intangible assets and other long-lived assets	1,141,720.28	133,895.86
Net proceeds from disposal of subsidiaries or other business units	958,489.00	
Cash generated by other investing activities	179,022.57	
Subtotal of cash generated by investing activities	5,471,576,532.40	4,582,460,795.87
Payments for acquisition of property, plant and equipment, intangible assets and other long-lived assets	50,274,773.33	29,591,632.52
Payments for investments	5,403,930,223.20	3,899,120,320.35
Net payments for acquisition of subsidiaries and other business units	147,551,210.48	63,400,000.00
Cash used in other investing activities		
Subtotal of cash used in investing activities	5,601,756,207.01	3,992,111,952.87
Net cash flows from investing activities	-130,179,674.61	590,348,843.00
3. Cash flows from financing activities:		
Capital contributions received	302,089,790.00	40,022,012.50
Increase in borrowings obtained	3,005,727,422.39	1,978,110,649.03
Net proceeds from issuance of bonds		
Cash generated by other financing activities	6,280,000.00	28,410,400.00
Subtotal of cash generated by financing activities	3,314,097,212.39	2,046,543,061.53
Repayment of borrowings	2,705,581,498.23	1,487,175,299.03
Payments for interest and dividends	611,069,308.32	496,298,981.74
Cash used in other financing activities	46,616,282.75	10,627,167.04
Sub-total of cash used in financing activities	3,363,267,089.30	1,994,101,447.81
Net cash flows from financing activities	-49,169,876.91	52,441,613.72
4. Effect of foreign exchange rate changes on cash and cash equivalents	890,027.26	105,252.41
5. Net increase in cash and cash equivalents	-264,602,758.58	359,795,056.23
Add: Cash and cash equivalents, beginning of the period	1,155,707,246.06	795,912,189.83
6. Cash and cash equivalents, end of the period	891,104,487.48	1,155,707,246.06

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

2017

Unit: RMB

Item	2017												
	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	1,541,428,454.00				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	33,808,600.00				279,442,640.29	275,380,456.00						28,916,249.40	66,787,033.69

increased and reduced by owners												
3.2.1 Common shares increased by shareholders	33,808,600.00				242,371,250.00	275,380,456.00					32,017,319.08	32,816,713.08
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 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

[English translation for reference only]

2016

Unit: RMB

Item	2016												
	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 reserve	Surplus reserves	General reserve			Retained earnings
		Preferred shares	Perpetual bonds	Other									
1. Closing balance of prior year	1,537,363,254.00				1,393,983,060.65	81,187,800.00	73,074.15		191,705,158.86		1,958,671,828.89	96,589,788.32	5,097,198,364.87
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	1,537,363,254.00				1,393,983,060.65	81,187,800.00	73,074.15		191,705,158.86		1,958,671,828.89	96,589,788.32	5,097,198,364.87
3. Increase/decrease in the period (“-” for decrease)	4,065,200.00				118,876,907.90	-40,294,435.00	15,075,849.91		104,938,020.18		365,733,288.63	61,929,782.14	710,913,483.76
3.1 Total comprehensive income							15,075,849.91				855,810,234.81	15,884,838.03	886,770,922.75
3.2 Capital increased and reduced by owners	4,065,200.00				39,036,625.29	-33,891,540.00						23,777,934.58	100,771,299.87
3.2.1 Common shares increased by shareholders	4,065,200.00				61,007,958.79	-33,891,540.00						24,265,000.00	123,229,698.79
3.2.2 Capital increased by holders of other equity instruments													
3.2.3 Share-based payments included in owners’ equity					-26,066,051.98							148,101.99	-25,917,949.99
3.2.4 Other					4,094,718.48							-635,167.41	3,459,551.07
3.3 Profit distribution						-6,402,895.00			104,938,020.18		-490,076,946.18	-17,813,136.29	-396,549,167.29
3.3.1 Appropriation to surplus reserves									104,938,020.18		-104,938,020.18		
3.3.2 Appropriation to general reserve													
3.3.3 Appropriation to owners (or shareholders)						-6,402,895.00					-385,138,926.00	-17,813,136.29	-396,549,167.29
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 Other													
3.5 Specific reserve													
3.5.1 Withdrawn for the period													
3.5.2 Used during the period													
3.6 Other					79,840,282.61							40,080,145.82	119,920,428.43
4. Balances as of end of the period	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

8. Parent Company Statements of Changes in Owners' Equity

[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 shareholders	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 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

[English translation for reference only]

2016

Unit: RMB

Item	2016										
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other compreh ensive income	Specific reserve	Surplus reserves	Retained earnings	Total owners' equity
		Preferred shares	Perpetua l bonds	Other							
1. Closing balance of prior year	1,537,363,254.00				1,443,501,225.20	81,187,800.00			191,705,158.86	811,619,468.13	3,903,001,306.19
Add: Adjustments for changed accounting policies											
Adjustments for corrections of previous errors											
Other adjustments											
2. Balances as of beginning of the	1,537,363,254.00				1,443,501,225.20	81,187,800.00			191,705,158.86	811,619,468.13	3,903,001,306.19

year											
3. Increase/decrease in the period (“-” for decrease)	4,065,200.00				126,413,957.19	-40,294,435.00			104,938,020.18	559,303,255.57	835,014,867.94
3.1 Total comprehensive income										1,049,380,201.75	1,049,380,201.75
3.2 Capital increased and reduced by owners	4,065,200.00				35,090,008.80	-33,891,540.00					73,046,748.80
3.2.1 Common shares increased by shareholders	4,065,200.00				61,007,958.79	-33,891,540.00					98,964,698.79
3.2.2 Capital increased by holders of other equity instruments											
3.2.3 Share-based payments included in owners’ equity					-25,917,949.99						-25,917,949.99
3.2.4 Other											
3.3 Profit distribution						-6,402,895.00			104,938,020.18	-490,076,946.18	-378,736,031.00
3.3.1 Appropriation to surplus reserves									104,938,020.18	-104,938,020.18	
3.3.2 Appropriation to owners (or shareholders)						-6,402,895.00				-385,138,926.00	-378,736,031.00
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 Other											
3.5 Specific reserve											
3.5.1 Withdrawn for the period											
3.5.2 Used during the period											
3.6 Other					91,323,948.39						91,323,948.39
4. Closing balance of the period	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

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, 2017, the total shares of the Company was 1,575,237,054, of which 46,679,444 were restricted shares, accounting for 2.96% of the total shares, and 1,528,557,610 were non-restricted shares, accounting for 97.04% 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 shareholders’ meeting, Board, Supervisory Committee and other organizations in accordance with the Company Law and the Company’s Articles of Association. The shareholders’ meeting is the Company’s highest authority.

7. Approval of Financial Statements for Issue

The 2017 annual financial statements have been authorized for issue by the Company's Board on April 19, 2018.

8. Scope of Consolidated Financial Statements

A total of 228 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. 76 entities were added into and 6 entities were 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 at fair value through profit or loss, 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 at Fair Value through Profit or Loss

Trading financial assets and designated financial assets at fair value through profit or loss shall be included. The Group's financial assets at fair value through profit or loss 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 different 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 Provisions
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%
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:

- the debtor goes bankrupt or dies, and the debt is still unrecoverable after the debtor's bankruptcy property or estate is liquidated;
- 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. 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.

13. 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.

14. 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.

15. 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	5-40 years ^{Note 1}	5	19.00-2.38

	Method			
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. 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.

16. 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.

17. 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; other borrowings costs shall be recognized as financial expenses.

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

18. 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.

19. 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.

20. 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. 22 for detailed Goodwill impairment test and accounting treatments.

21. 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.

22. 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.

23. 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.

24. 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.

25. 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 in the Group;
- b. the received amount can be reliably measured.

26. 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.

27. 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.

28. 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. 14), corresponding depreciation and corresponding impairment provisions shall be respectively calculated and withdrawn according to applicable depreciation policies stated in Note III. 15(2) and applicable accounting policies stated in Note III. 22. 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.

29. 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.

30. 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.

31. Other Critical Accounting Policies and Estimates

None.

32. Changes in Critical Accounting Policies and Estimates

(1) Changes in Critical Accounting Policies

Changes and explanation of why	Remark
As per the revised Accounting Standard No. 16 for Business Enterprises—Government Subsidies (CK [2017] No. 15) issued by the Ministry of Finance on June 12, 2017, government subsidies arising from an enterprise's ordinary course of business are charged to other income according to the nature of the economic transaction, while those irrelevant to the enterprise's ordinary course of business are charged to non-operating gain/loss.	<p>As per the revised Accounting Standard No. 16 for Business Enterprises—Government Subsidies (CK [2017] No. 15) issued by the Ministry of Finance, the Company treated its government subsidies existing on January 1, 2017 using the prospective application method, and adjusted, as per the revised accounting standard, the new government subsidies it obtained during the period from January 1, 2017 to the effective day of the revised accounting standard.</p> <p>Effects on the 2017 annual financial statement items:</p> <p>An increase of RMB 41,395,359.88 in “other income”;</p> <p>A decrease of RMB 42,362,026.88 in “non-operating gain”; and</p> <p>A decrease of RMB 966,667.00 in “financial expenses”.</p>
As per the Notice on Revising and Issuing Format of Financial Statements of General Enterprises (CK [2017] No. 30) issued by the Ministry of Finance, gain/loss on disposal of non-current assets formerly included in “non-operating gain” or “non-operating loss” is reclassified into “gains on assets disposal”, and the comparative data of the comparable periods shall be adjusted accordingly.	<p>Effects on the 2016 annual financial statement items:</p> <p>An increase of RMB 3,383,608.77 in “gains on assets disposal”;</p> <p>An decrease of RMB 3,622,351.07 in “non-operating gain”; and</p> <p>An decrease of RMB 238,742.30 in “non-operating loss”.</p> <p>Effects on the 2017 annual financial statement items:</p> <p>An increase of RMB 6,037,071.03 in “gains on assets disposal”;</p> <p>A decrease of RMB 7,016,250.08 in “non-operating gain”; and</p> <p>A decrease of RMB 979,179.05 in “non-operating loss”.</p>
The Accounting Standard No. 42 for Business Enterprises—Non-Current Assets and Disposal Groups Classified as Held for Sale and Discontinued Operations (CK [2017] No. 13) issued by the Ministry of Finance on April 28, 2017 was effective as of May 28, 2017. Non-Current assets and disposal groups classified as held for sale and discontinued operations existing on the effective day were required to be treated using the prospective application method.	N/A

Except for the changes above, no other changes occurred to the Company's accounting policies for the current year.

(2) Changes in Critical Accounting Estimates

No major changes occurred to the Company's accounting estimates for the current year.

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% (note 4), 11%, 13% 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 Happy, 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.

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
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

Full name	Abbr.	Corporate income tax rate	Remark
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
Changing 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
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%	
Guangzhou Panyu Dachuan Feed Co., Ltd.	Panyu Dachuan	15%	Note 1
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	25%	
Lanzhou Haid Feed Co., Ltd.	Lanzhou Haid	25%	
Yangling Haid Feed Co., Ltd.	Yangling Haid	25%	
Hunan Haid Bio-Feed Co., Ltd.	Hunan Haid	25% or 12.50%	Note 3
Guangzhou Haihe Feed Co., Ltd.	Guangzhou Haihe	25%	
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%	

Full name	Abbr.	Corporate income tax rate	Remark
Anyang Haiyue Feed Technology Co., Ltd.	Anyang Haiyue	25%	
Foshan Haipu Feed Co., Ltd.	Foshan Haipu	25%	
Qingyuan Happy Biotechnology Co., Ltd.	Qingyuan Happy	15%	Note 1
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	17%	Note 12
Kinghill Resources Pte.Ltd.	Kinghill Resources	17%	Note 12
Kinghill Agri Pte.Ltd.	Kinghill Agri	17%	Note 12
Pt.Haida Agriculture Indonesia	Haida Indonesia	25%	
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 1 and

Full name	Abbr.	Corporate income tax rate	Remark
			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 Haid Sun Feed Co., Ltd.	Fujian Haid Sun	25% or free of income tax	Note 5
Pucheng Haid Sun Feed Co., Ltd.	Pucheng Haid Sun	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%	
Maoming Hailong Feed Co., Ltd.	Maoming Hailong	25%	
Nanchang Haid Biotechnology Co., Ltd.	Nanchang Haid	25%	
Zhuhai Rongchuan Feed Co., Ltd.	Zhuhai Rongchuan	15% or 12.50%	Note 1 and note 3
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	Note 8
China Haida Feed Group (HK) Limited	Haida HK	16.50%	Note 9
Rickworth Investments Limited	Rickworth	Free of income tax	Note 8
Hong Kong Longgreat Trading Co., Limited	Hong Kong Longgreat	16.50%	Note 9
Haid Feed Co., Limited	Dong Nai Vietnam	Free of income tax	Note 10
Danci Limited	Danci	16.50%	Note 9
Panasia Trading Resources Limited	Panasia Trading	Free of income tax	Note 8
Sheng Long International Ltd.	Sheng Long	Free of income tax	Note 8

Full name	Abbr.	Corporate income tax rate	Remark
	International		
Sheng Long Bio-Tech International Co., Ltd.	Sheng Long Bio-Tech	10%	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 (Vietnam) Aquatic Seeds Co., Ltd.	Hisenor Vietnam	Free of income tax	Note 10
Sheng Long Bio Tech (M) Sdn Bhd	Sheng Long Bio-Tech (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%	
Changzhou Gude Mold Technology Co., Ltd.	Changzhou Gude	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%	

Full name	Abbr.	Corporate income tax rate	Remark
Zhaoqing Haid Feed Co., Ltd.	Zhaoqing Haid	25%	
Wuhan Aquaera Biotechnology Co., Ltd.	Wuhan Aquaera	25%	
Shenzhen Longgreat Trading Co., Ltd.	Shenzhen Longgreat	25%	
Lanking Pte.Ltd.	Lanking	17%	Note 12
Haid Lanking International Trading, Inc.	Lanking America		Note 13
Lanking Nemo (Sg) Pte. Ltd.	Lanking Singapore	17%	Note 12
Sheng Long Bio-Tech (India) Private Limited	Sheng Long Bio-Tech (India)	30%	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
Haidai Co., Ltd.	Haidai Co., Ltd.	20%	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.	Guangzhou Changsheng	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	Chengnan Hairong	Free of income tax	Note 15

Full name	Abbr.	Corporate income tax rate	Remark
Service Specialized Cooperative			
Guigang Hairong Farming Service Specialized Cooperative	Guigang Hairong	Free of income tax	Note 15
Zhangzhou Longwen Hairong Farming Service Specialized Cooperative	Zhangzhou Hairong	Free of income tax	Note 15
Shandong Fengying Food Co., Ltd.	Shandong Fengying	25%	
Jiaxiang Haiying Food Co., Ltd.	Jiaxiang Haiying	Free of income tax	Note 6
Linxi Haiying Food Co., Ltd.	Linxi Haiying	Free of income tax	Note 6
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	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 Technology	15%	Note 1
Jining Haiding Feed Co., Ltd.	Jining Haiding	25%	
Feixian Hairuida Feed Co., Ltd.	Feixian Hairuida	25%	

Full name	Abbr.	Corporate income tax rate	Remark
Yinan Haiding Feed Co., Ltd.	Yinan Haiding	25%	
Liaocheng Haiding Food Co., Ltd.	Liaocheng Haiding Food	25% or free of income tax	Note 6
Qufu Haiding Commercial & Trading Co., Ltd.	Qufu Haiding	25%	
Tengzhou Fengcheng Feed Co., Ltd.	Tengzhou Fengcheng	25%	
Binzhou Haiding Feed Co., Ltd.	Binzhou Haiding	25%	
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.	Heshengtang Biotechnology	25%	
Guangzhou Heshengtang Veterinary Pharmaceutical Co., Ltd.	Heshengtang Pharmaceutical	25%	
Guangdong Haid Livestock Veterinary Research Institute Co., Ltd.	Livestock Research Institute	25%	
Henan Haihe Agriculture and Animal Husbandry Technology Co., Ltd.	Henai 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%	
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%	

Full name	Abbr.	Corporate income tax rate	Remark
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 and note 16
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 Innovative Biotechnology Co., Ltd.	Hunan Innovative	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%	
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
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%	

Full name	Abbr.	Corporate income tax rate	Remark
Anshan Dachuan Feed Technology Co., Ltd.	Anshan Dachuan	25%	
Guangzhou Haiyuan Factoring Co., Ltd.	Guangzhou Haiyuan	25%	
Heze Dingtao Hairong Farming Specialized Cooperative Association	Heze Hairong Association	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%	
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%	
Guangzhou Yuannong Investment Management Co., Ltd.	Guangzhou Yuannong	25%	
Guangdong Haid Poverty Alleviation Investment Development Co., Ltd.	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%	

Full name	Abbr.	Corporate income tax rate	Remark
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.	Daxin Agriculture and Animal Husbandry	25%	
Qingdao Zhizhuxia Pig Farming Services Co., Ltd.	Qingdao Zhizhuxia	25%	
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
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%	
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.	Zhaoqing Gaoyao Haid	25%	

Note 1: The Company's subsidiaries Guangzhou Haiwei, Panyu Dachuan, Jiangmen Haid, Hainan Hisenor, Guangdong Hinter, Qingyuan Happy, Zhuhai Rongchuan, Zhuhai Hailong, Yunnan Haid, Heze Haiding Technology, Hunan Innovative 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 2017.

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 and Laizhou Zhizhuren 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, Yangxin Bairong, Jingzhou Bairong, Qingyuan Bairong, Nanhai Bairong, Zhaoqing Bairong, Hunan Haid, Enping Fengwo, Taizhou Haid and Zhuhai Rongchuan 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 Liaocheng Haiding Food, Jiaxiang 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 subsidiary Chengdu Haid is enjoying a preferential corporate income tax rate of 15% for the period from 2013 to 2020 as a company 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 Haid International, 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 Longgreat and Danci are subject to a profit tax rate of 16.5% according to the local tax law.

Note 10: The Company's subsidiaries Sheng Long Bio-Tech, Long Sheng International, Hisenor Vietnam, Dong Nai Vietnam, Hai Duong Haid and Haidai Co., Ltd. are registered in Vietnam. Sheng Long Bio-Tech and Long Sheng International was subject to a preferential corporate income tax rate of 10% in 2017 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 2017; Dong Nai Vietnam 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 2017; 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 2017; and Haidai Co., Ltd. was subject to a corporate income tax rate of 20% as per the local tax law.

Note 11: Registered in Malaysia, the Company's subsidiary Sheng Long Bio-Tech (Malaysia) was subject to a corporate income tax rate of 24% as per the local tax law.

Note 12: Registered in Singapore, the Company's subsidiaries Lanking, Lanking Singapore, Lanking Rickworth, Lanking Nano, Kinghill Holdings, Kinghill, 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 2017, 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 Bio-Tech (India) was subject to a corporate income tax rate of 30% as per the local tax law.

Note 15: The Company's subsidiaries Dingtao Hairong, Chengnan Hairong, Guigang Hairong and Zhangzhou Hairong were exempted from corporate income tax in 2017 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 subsidiary Zhaoqing Hisenor Agricultural Technology Co., Ltd. has changed its name to "Zhaoqing Bairong Aquatic Farming Co., Ltd." in May 2017.

Note 17: Registered in Ecuador, the Company's subsidiary Haid Ecuador was subject to a corporate income tax rate of 22% as per the local tax law.

V Notes to Key Items in Consolidated Financial Statements

1. Monetary Assets

Item	December 31, 2017	December 31, 2016
Cash on hand	4,118,236.03	4,828,620.14
Cash at bank	1,313,924,748.67	1,496,886,001.21
Other cash balances	74,003,455.63	42,323,747.29
Total	1,392,046,440.33	1,544,038,368.64
Including: Cash abroad	282,322,002.27	277,944,573.59

Note: For information about the restricted amounts among the closing monetary assets, see note 5, "57. Assets with Restricted Ownership or Use Rights" herein.

2. Financial Assets at Fair Value through Profit or Loss

Item	December 31, 2017	December 31, 2016
Trading financial assets	9,601,140.00	25,129,490.00
Including: Derivative financial assets	9,601,140.00	25,129,490.00
Total	9,601,140.00	25,129,490.00

Notes: (1) There were no such financial assets at fair value through profit or loss as restrictively realizable as of the end of the Reporting Period.

(2) Derivative financial assets were the fair value of futures contracts.

3. Notes Receivable

(1) Notes Receivable by Category

Item	December 31, 2017	December 31, 2016
Bank acceptance notes	14,470,002.00	8,082,000.00
Usance letters of credit	4,739,110.07	4,565,272.79
Total	19,209,112.07	12,647,272.79

(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	1,283,085.20	2,500,000.00
Total	1,283,085.20	2,500,000.00

(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.

4. Accounts Receivable

(1) Accounts Receivable by Category

Category	December 31, 2017				
	Carrying balance		Allowance for doubtful accounts		Carrying value
	Amount	Percentage (%)	Amount	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	706,586,058.62	81.75	54,908,664.25	7.77	651,677,394.37

receivable from external parties for which the allowance for doubtful accounts was not provided on the individual basis					
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
Category	December 31, 2016				
	Carrying balance		Allowance for doubtful accounts		Carrying value
	Amount	Percentage (%)	Amount	Ratio (%)	
Accounts receivable with amounts that were individually significant and for which the allowance for doubtful accounts was provided on the individual basis	33,338,768.89	4.99	26,388,665.22	79.15	6,950,103.67
Groups of accounts receivable from external parties for which the allowance for doubtful accounts was not provided on the individual basis	587,253,630.07	87.96	40,960,146.88	6.97	546,293,483.19
Accounts receivable with amounts that were not individually significant but for which the allowance for doubtful accounts was provided on the individual basis	27,042,941.64	4.05	24,517,115.12	90.66	2,525,826.52
Accounts receivable in	20,000,000.00	3.00	300,000.00	1.50	19,700,000.00

factoring					
Total	667,635,340.60	100.00	92,165,927.22	13.80	575,469,413.38

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	December 31, 2017			
	Carrying balance		Allowance for doubtful accounts	
	Amount	Percentage (%)	Amount	Ratio (%)
Within 1 year	614,074,271.15	86.91	30,574,291.46	5.00
1 to 2 years	43,182,111.71	6.11	4,318,211.17	10.00
2 to 3 years	23,895,348.19	3.38	5,973,837.05	25.00
3 to 4 years	14,279,106.63	2.02	5,711,642.65	40.00
4 to 5 years	4,707,565.03	0.67	1,883,026.01	40.00
Over 5 years	6,447,655.91	0.91	6,447,655.91	100.00
Total	706,586,058.62	100.00	54,908,664.25	—

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	December 31, 2017			
	Carrying balance		Allowance for doubtful accounts	
	Amount	Percentage (%)	Amount	Ratio (%)
Normal	103,000,000.00	100.00	1,545,000.00	1.50
Total	103,000,000.00	100.00	1,545,000.00	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	Carrying balance	Allowance for doubtful accounts	Ratio of allowance for doubtful accounts	Reason for providing allowance for doubtful accounts
Customer A	9,204,425.81	7,363,540.65	80.00	Expected to be partially recoverable
Customer B	4,801,489.19	4,801,489.19	100.00	Expected to be unrecoverable
Customer C	2,096,357.34	1,048,178.67	50.00	Expected to be partially recoverable
Customer D	1,965,713.64	1,965,713.64	100.00	Expected to be unrecoverable
Customer E	1,817,600.90	1,817,600.90	100.00	Expected to be unrecoverable
Customer F	1,811,709.07	1,811,709.07	100.00	Expected to be unrecoverable
Customer G	1,426,754.00	280,071.81	19.63	Expected to be partially recoverable
Customer H	1,384,408.34	1,384,408.34	100.00	Expected to be unrecoverable
Customer I	1,203,233.75	150,043.25	12.47	Expected to be partially recoverable
Customer J	1,199,562.00	1,199,562.00	100.00	Expected to be unrecoverable
Customer K	1,145,058.38	1,145,058.38	100.00	Expected to be unrecoverable
Customer L	1,026,031.00	1,026,031.00	100.00	Expected to be unrecoverable
Total	29,082,343.42	23,993,406.90	82.50	—

(2) Allowances for Doubtful Accounts Made and Reversed in Current Period

For the Current Period, the allowance made for doubtful accounts amounted to RMB 22,283,389.30 and the reversed amount was RMB 1,359,508.00.

(3) Accounts Receivable Actually Written off for Current Period

Item	Amount written off
Payments due from customers	9,869,794.41
Total	9,869,794.41

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 A	Payment for goods	1,035,781.69	Expectedly unrecoverable with an account age of over 5 years	Concrete evidence for irrecoverability was obtained and internal approval was given for the write off	No
Total	—	1,035,781.69	—	—	—

(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 153,501,130.94, accounting for 17.76% of the Group's total closing balance of accounts receivable, with the total corresponding closing balance of the allowance for doubtful accounts being RMB 4,399,187.63.

(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.

5. Prepayments

(1) Prepayments by Aging

Aging	December 31, 2017	December 31, 2016
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	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	744,308,048.39	99.94	519,715,318.39	99.93
1 to 2 years	224,679.08	0.03	189,241.05	0.04
2 to 3 years	93,462.33	0.01	126,132.77	0.02
3 to 5 years	109,532.77	0.02	28,680.56	0.01
Total	744,735,722.57	100.00	520,059,372.77	100.00

Note: Prepayments over 1 year were mainly unsettled prepayments for raw materials.

(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 240,165,582.40, accounting for 32.25% of the closing balance of the Group's total prepayments, which were all prepayments for inventories.

6. Interest Receivable

Item	December 31, 2017	December 31, 2016
Interest receivable on investments in bank's wealth management products	964,410.93	112,525.00
Interest receivable on bank deposits	828,640.58	-
Interest receivable in factoring	9,570.00	-
Total	1,802,621.51	112,525.00

7. Other Receivables

(1) Other Receivables by Category

Category	December 31, 2017				Carrying value
	Carrying balance		Allowance for doubtful accounts		
	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	54,801,880.20	13.25	38,546,710.03	70.34	16,255,170.17
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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

Category	December 31, 2016				
	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	51,421,122.11	16.57	35,710,201.94	69.45	15,710,920.17
Category	December 31, 2016				

	Carrying balance		Allowance for doubtful accounts		Carrying value
	Amount	Percentage (%)	Amount	Ratio (%)	
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	143,592,210.89	46.28	8,922,445.42	6.21	134,669,765.47
Groups of futures margin	113,053,380.68	36.43	-	-	113,053,380.68
Subtotal of groups of other receivables	256,645,591.57	82.71	8,922,445.42	3.48	247,723,146.15
Other receivables with amounts that were not individually significant but for which the allowance for doubtful accounts was provided on the individual basis	2,224,572.63	0.72	2,224,572.63	100.00	-
Total	310,291,286.31	100.00	46,857,219.99	15.10	263,434,066.32

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	December 31, 2017			
	Carrying balance		Allowance for doubtful accounts	
	Amount	Percentage (%)	Amount	Ratio (%)
Within 1 year	197,411,006.33	95.28	9,800,309.85	5.00
1 to 2 years	4,684,368.70	2.26	468,436.87	10.00
2 to 3 years	1,749,212.30	0.85	437,303.08	25.00
3 to 4 years	2,410,022.31	1.16	964,008.92	40.00
4 to 5 years	414,594.27	0.20	165,837.71	40.00

Category	December 31, 2017			
	Carrying balance		Allowance for doubtful accounts	
	Amount	Percentage (%)	Amount	Ratio (%)
Over 5 years	514,454.00	0.25	514,454.00	100.00
Total	207,183,657.91	100.00	12,350,350.43	—

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)	Carrying balance	Allowance for doubtful accounts	Ratio of allowance for doubtful accounts	Reason for providing allowance for doubtful accounts
Party A	46,443,343.35	30,188,173.18	65.00	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 unrecoverable
Party E	1,500,000.00	1,500,000.00	100.00	Expected to be unrecoverable
Party F	1,000,000.00	1,000,000.00	100.00	Expected to be unrecoverable
Total	54,801,880.20	38,546,710.03	70.34	—

(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 6,507,004.14, while no such allowance was reversed.

(3) Other Receivables Actually Written off for Current Period

Item	Amount written off
Security deposits	2,800.00
Accounts with external parties	131,310.94
Total	134,110.94

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	December 31, 2017	December 31, 2016
Security deposits	31,172,021.02	32,740,224.65
Futures margin	148,576,968.90	113,053,380.68
Petty cash	12,253,362.15	7,431,893.86
Accounts with external parties	207,980,414.39	142,430,898.09
Insurance compensation	7,193,343.83	10,443,758.09
Social security advances	2,486,960.00	2,177,861.59
Government subsidies receivable	2,160,000.00	-
Other	1,950,800.37	2,013,269.35
Total	413,773,870.66	310,291,286.31

(5) Other Receivables from Top Five Debtors with Largest Closing Balances

The total other receivables from the top five debtors with the largest closing balances amounted to RMB 186,543,344.81, accounting for 45.08% of the closing balance of the Group's total other receivables, with the total closing balances of the corresponding allowance for doubtful accounts being RMB 30,738,694.34.

(6) Other Receivables Associated with Government Subsidies as of Period-End

Subsidy grantor	Title of subsidy	Closing balance	Closing age	Expected time of receipt, amount to be received and basis
Guangzhou Science	Subsidy for iconic	2,160,000.00	Within 1 year	See note

Technology and Innovation Commission	innovative enterprises			
Total	—	2,160,000.00	—	—

Note: The government subsidy, of an amount of RMB 2,160,000.00, is expected to be received in July 2018 as per the Notice of the People's Government of Guangzhou on Issuing and Printing the Implementation Methods for Guangzhou's Key 100 Iconic Service-Innovative Enterprises (SFBG [2016] No. 10), the Guide for Applying for Guangzhou's 100 Iconic Innovative Enterprises 2016 and the Public Announcement on Review Results for Guangzhou's 100 Iconic Innovative Enterprises 2016 released by Guangzhou Science Technology and Innovation Commission on September 22, 2017.

(7) No other receivables were derecognized due to transfer of financial assets in the Current Period.

8. Inventories

(1) Inventories by Category

Item	December 31, 2017			December 31, 2016		
	Carrying balance	Valuation allowance	Carrying value	Carrying balance	Valuation allowance	Carrying value
Raw materials	2,403,862,712.77	-	2,403,862,712.77	1,415,155,051.36	-	1,415,155,051.36
Unfinished goods	3,739,698.34	-	3,739,698.34	2,418,807.85	-	2,418,807.85
Finished goods	762,037,045.92	208,457.38	761,828,588.54	398,310,140.68	639,633.10	397,670,507.58
Consumable living assets	214,417,292.54	-	214,417,292.54	242,115,900.50	-	242,115,900.50
Total	3,384,056,749.57	208,457.38	3,383,848,292.19	2,057,999,900.39	639,633.10	2,057,360,267.29

(2) Inventory Valuation Allowance

Inventory category	December 31, 2016	Increase in Current Period		Decrease in Current Period		December 31, 2017
		New valuation allowance	Other	Reversed	Written off	

Finished goods	639,633.10	208,457.38	-	-	639,633.10	208,457.38
Total	639,633.10	208,457.38	-	-	639,633.10	208,457.38

(3) There were no capitalized borrowing costs among the closing balance of inventories.

9. Other Current Assets

Item	December 31, 2017	December 31, 2016
Rental expense	15,453,347.16	11,644,329.92
Insurance expense	400,119.59	62,517.15
Miscellaneous prepaid expense	2,719,407.40	2,141,994.91
Input tax to be deducted and approved	80,307,591.49	80,147,615.53
Overpaid taxes and charges	13,816,231.05	21,431,080.01
Wealth management products	100,000,000.00	200,000,000.00
Other	2,279,989.82	-
Total	214,976,686.51	315,427,537.52

10. Available-for-Sale Financial Assets

(1) General Information about Available-for-Sale Financial Assets

Item	December 31, 2017			December 31, 2016		
	Carrying balance	Impairment allowance	Carrying value	Carrying balance	Impairment allowance	Carrying value
Available-for-sale equity instruments:	298,276,300.00	14,554,950.00	283,721,350.00	304,326,300.00	-	304,326,300.00
Measured at fair value	-	-	-	-	-	-
Measured at cost	298,276,300.00	14,554,950.00	283,721,350.00	304,326,300.00	-	304,326,300.00
Total	298,276,300.00	14,554,950.00	283,721,350.00	304,326,300.00	-	304,326,300.00

(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	Carrying balance				Impairment allowance				The Group's stake in investee	Cash dividends received in Current Period
	December 31, 2016	Increase in Current Period	Decrease in Current Period	December 31, 2017	December 31, 2016	Increase in Current Period	Decrease in Current Period	December 31, 2017		
Buhler Aquatic Equipment	1,000,000.00	-	1,000,000.00	-	-	-	-	-	-	-

Investee	Carrying balance				Impairment allowance				The Group's stake in investee	Cash dividends received in Current Period
	December 31, 2016	Increase in Current Period	Decrease in Current Period	December 31, 2017	December 31, 2016	Increase in Current Period	Decrease in Current Period	December 31, 2017		
(Changzhou) Co., Ltd.										
Wuhan Mingbo Machinery & Equipment Co., Ltd.	6,750,000.00	-	6,750,000.00	-	-	-	-	-	-	-
Liaoning Yikang Biological Co., Ltd.	44,376,300.00	-	-	44,376,300.00	-	14,554,950.00	-	14,554,950.00	5.33%	-
Guangdong Aerocity Holding Co., Ltd.	140,000,000.00	-	-	140,000,000.00	-	-	-	-	14.00%	3,970,851.71
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. (note 1)	1,200,000.00	1,200,000.00	1,200,000.00	1,200,000.00	-	-	-	-	12.2449%	-
CITIC Agriculture Fund Management Co., Ltd.	1,500,000.00	1,000,000.00	-	2,500,000.00	-	-	-	-	5.00%	-
CITIC Modern Agriculture Investment Fund (L.P.)	27,000,000.00	-	-	27,000,000.00	-	-	-	-	6.60%	-
Langfang Mudao Feed Technology Co., Ltd. (note	-	700,000.00	-	700,000.00	-	-	-	-	10.00%	-

Investee	Carrying balance				Impairment allowance				The Group's stake in investee	Cash dividends received in Current Period
	December 31, 2016	Increase in Current Period	Decrease in Current Period	December 31, 2017	December 31, 2016	Increase in Current Period	Decrease in Current Period	December 31, 2017		
2)										
Total	304,326,300.00	2,900,000.00	8,950,000.00	298,276,300.00	-	14,554,950.00	-	14,554,950.00	—	3,970,851.71

Note 1: The increase in available-for-sale financial assets in Shandong Runfengyuan Agriculture and Animal Husbandry Technology Co., Ltd. in the Current Period was the investment made by the Company via Shandong Daxin, a subsidiary obtained through a business combination involving enterprises not under common control, and the decrease was caused by the withdrawal of the Company's original direct investment in this investee.

Note 2: The increase in available-for-sale financial assets in Langfang Mudao Feed Technology Co., Ltd. in the Current Period was the investment made by the Company via Hunan Jinhuilong, a subsidiary obtained through a business combination involving enterprises not under common control

(4) Changes in Impairment Allowance for Available-for-Sale Financial Assets in Reporting Period

Available-for-sale financial assets by category	Opening balance of impairment allowance	Impairment allowance made in Current Period	Including: Converted from other comprehensive income	Decrease in impairment allowance in Current Period	Including: Reversed due to rising fair value after balance sheet date	Closing balance of impairment allowance
Available-for-sale equity instruments	-	14,554,950.00	-	-	-	14,554,950.00
Total	-	14,554,950.00	-	-	-	14,554,950.00

11. Long-Term Receivables

Item	December 31, 2017			December 31, 2016		
	Carrying balance	Allowance for doubtful accounts	Carrying value	Carrying balance	Allowance for doubtful accounts	Carrying value
Security deposits	10,531,182.97	-	10,531,182.97	9,983,818.73	-	9,983,818.73

Total	10,531,182.97	-	10,531,182.97	9,983,818.73	-	9,983,818.73
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Note: The closing long-term receivables primarily consisted of security deposits for land rental and consumption of electricity.

12. Long-Term Equity Investments

Investee	Opening balance	Changes in Current Period								Closing balance	Closing balance of impairment allowance
		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.	1,198,390.91	-	-	1,445,274.47	-	-	-	-	-	2,643,665.38	-
Qingdao Hairen Aquatic Farming Technology Co., Ltd.	478,818.92	-	-417,252.61	-61,566.31	-	-	-	-	-	-	-
Guizhou Fuhai Chemicals Co., Ltd.	12,978,755.25	-	-	4,968,619.45	-	-	-	-	-	17,947,374.70	-
Qingdao Nongken Beidahuang Trade	-	-	-	-	-	-	-	-	11,963,468.03	11,963,468.03	-

Development Co., Ltd.											
Total	14,655,965.08	-	-417,252.61	6,352,327.61	-	-	-	-	11,963,468.03	32,554,508.11	-

Notes: (1) All the investees in the table above are associates of the Company.

(2) The increase in the “other” item above was the investment made in the corresponding investee by the Company via Shandong Daxin, a subsidiary obtained through a business combination involving enterprises not under common control.

(3) 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 Original carrying value		
1. Opening balance	83,121,496.79	83,121,496.79
2. Increase in Current Period	1,657,820.88	1,657,820.88
(1) Reclassified from property, plant and equipment	1,657,820.88	1,657,820.88
3. Decrease in Current Period	-	-
(1) Disposed	-	-
(2) Other	-	-
4. Closing balance	84,779,317.67	84,779,317.67
II Accumulated depreciation and amortization		
1. Opening balance	4,323,808.47	4,323,808.47
2. Increase in Current Period	2,145,824.33	2,145,824.33
(1) Depreciation or amortization	2,102,781.34	2,102,781.34
(2) Reclassified from property, plant and equipment	43,042.99	43,042.99
3. Decrease in Current Period	-	-
(1) Disposed	-	-
(2) Other	-	-
4. Closing balance	6,469,632.80	6,469,632.80
III Impairment allowance		
1. Opening balance	-	-
2. Increase in Current Period	-	-
(1) Allowance made	-	-
3. Decrease in Current Period	-	-
(1) Disposed	-	-
(2) Other	-	-

Item	Houses and buildings	Total
4. Closing balance	-	-
IV Carrying value		
1. Closing carrying value	78,309,684.87	78,309,684.87
2. Opening carrying value	78,797,688.32	78,797,688.32

(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 22,914,076.82. Currently, the ownership certificates are being handled.

14. Property, Plant and Equipment

(1) General Information about Property, Plant and Equipment

Item	Houses and buildings	Machinery and equipment	Motor vehicles	Electronic equipment	Other equipment	Total
I Original carrying value						
1. Opening balance	2,282,743,881.70	1,989,195,284.56	141,968,440.53	132,820,633.46	155,299,276.45	4,702,027,516.70
2. Increase in Current Period	497,572,147.48	513,763,009.84	40,221,878.77	55,088,967.48	-35,436,329.59	1,071,209,673.98
(1) Purchased	38,715,848.80	49,890,547.28	24,745,818.79	27,504,126.41	10,240,802.69	151,097,143.97
(2) Reclassified from construction in progress	324,273,925.51	372,182,031.58	3,891,949.80	14,059,790.13	10,388,023.99	724,795,721.01
(3) Increase from business combinations	90,328,566.72	79,702,832.87	10,476,987.33	11,490,597.98	3,317,824.10	195,316,809.00
(4) Reclassified from other assets	44,253,806.45	11,987,598.11	1,107,122.85	2,034,452.96	-59,382,980.37	-
3. Decrease in Current Period	22,591,499.64	26,374,282.37	9,168,833.00	6,045,035.55	6,824,020.61	71,003,671.17
(1) Disposed or retired	17,979,843.88	26,374,282.37	8,998,590.28	5,420,206.43	6,767,427.56	65,540,350.52
(2) Decrease caused by sale of subsidiaries	-	-	170,242.72	230,829.12	56,593.05	457,664.89

Item	Houses and buildings	Machinery and equipment	Motor vehicles	Electronic equipment	Other equipment	Total
(3) Reclassified into investment property and for renovation	4,611,655.76	-	-	394,000.00	-	5,005,655.76
4. Closing balance	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
II Accumulated depreciation						
1. Opening balance	519,984,498.42	799,429,088.77	85,294,485.42	90,935,091.22	92,725,196.17	1,588,368,360.00
2. Increase in Current Period	125,599,160.59	236,729,615.83	24,286,525.85	26,468,170.52	-14,635,462.98	398,448,009.81
(1) Depreciation	82,907,778.22	193,058,720.97	18,057,204.84	21,938,872.14	18,612,014.94	334,574,591.11
(2) Increase caused by business combinations	13,979,784.81	36,447,727.30	5,667,729.14	5,259,412.82	2,518,764.63	63,873,418.70
(3) Reclassified from other assets	28,711,597.56	7,223,167.56	561,591.87	-730,114.44	-35,766,242.55	-
3. Decrease in Current Period	7,601,372.25	19,784,552.38	7,997,129.39	5,499,135.29	5,254,512.46	46,136,701.77
(1) Disposed or retired	7,332,620.68	19,784,552.38	7,932,437.15	5,028,862.76	5,234,862.37	45,313,335.34
(2) Decrease caused by sale of subsidiaries	-	-	64,692.24	95,972.53	19,650.09	180,314.86
(3) Reclassified into investment property or for renovation	268,751.57	-	-	374,300.00	-	643,051.57
4. Closing balance	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

Item	Houses and buildings	Machinery and equipment	Motor vehicles	Electronic equipment	Other equipment	Total
III Impairment allowance						
1. Opening balance	690,337.11	-	-	-	-	690,337.11
2. Increase in Current Period	-	-	-	-	-	-
3. Decrease in Current Period	-	-	-	-	-	-
4. Closing balance	690,337.11	-	-	-	-	690,337.11
IV Original carrying value						
1. Closing 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. Opening carrying value	1,762,069,046.17	1,189,766,195.79	56,673,955.11	41,885,542.24	62,574,080.28	3,112,968,819.59

(2) Temporarily Idle Property, Plant and Equipment

Item	Original carrying value	Accumulated depreciation	Impairment allowance	Carrying value
Machinery and equipment	4,341,211.07	2,266,299.14	-	2,074,911.93
Other equipment	197,440.00	111,259.27	-	86,180.73
Total	4,538,651.07	2,377,558.41	-	2,161,092.66

(3) Property, Plant and Equipment Held under Finance Leases

Item	Original carrying value	Accumulated depreciation	Impairment allowance	Carrying value
Electronic equipment	3,749,658.12	197,547.22	-	3,552,110.90
Total	3,749,658.12	197,547.22	-	3,552,110.90

(4) None of the Group's property, plant or equipment was held by other parties under operating leases.

(5) The carrying value of the property, plant or equipment with unfinished ownership certificates was RMB 567,078,064.47. Currently, the ownership certificates are being handled.

15. Construction in Progress

(1) General Information about Construction in Progress

Item	December 31, 2017			December 31, 2016		
	Carrying balance	Impairment allowance	Carrying value	Carrying balance	Impairment allowance	Carrying value
Plant buildings	206,784,704.48	-	206,784,704.48	117,911,378.71	-	117,911,378.71
Production lines	91,442,865.93	-	91,442,865.93	71,235,221.73	-	71,235,221.73
Miscellaneous engineering projects	33,746,002.85	-	33,746,002.85	20,107,684.83	-	20,107,684.83

Item	December 31, 2017			December 31, 2016		
	Carrying balance	Impairment allowance	Carrying value	Carrying balance	Impairment allowance	Carrying value
Total	331,973,573.26	-	331,973,573.26	209,254,285.27	-	209,254,285.27

(2) Changes in Key Construction in Progress in Current Period

Item	December 31, 2016	Increase in Current Period	Reclassified into long-lived assets	Other decreases	December 31, 2017	Accumulated capitalized interest	Including: Capitalized interest in Current Period	Capitalization rate	Source of funds
Plant buildings:									
Jiangmen Haid	-	1,628,679.00	1,628,679.00	-	-	-	-	-	Internal resource
Haid Group	21,052,376.78	5,708,674.09	26,339,812.79	-	421,238.08	-	-	-	Internal resource
Hunan Haid	-	1,346,808.00	1,346,808.00	-	-	-	-	-	Internal resource
Zhanjiang Haid	-	28,245,392.30	28,048,233.30	-	197,159.00	-	-	-	Internal resource
Chengdu Haid	-	1,411,231.00	1,411,231.00	-	-	-	-	-	Internal resource

Item	December 31, 2016	Increase in Current Period	Reclassified into long-lived assets	Other decreases	December 31, 2017	Accumulated capitalized interest	Including: Capitalized interest in Current Period	Capitalization rate	Source of funds
Sihui Yitun	7,000,000.00	14,169,694.00	7,235,166.79	-	13,934,527.21	-	-	-	Internal resource
Yangxi Fengwo	-	9,154,624.66	400,000.00	-	8,754,624.66	-	-	-	Internal resource
Enping Yitun	4,808,742.30	13,248,914.03	1,556,530.60	923,670.00	15,577,455.73	-	-	-	Internal resource
Yingde Yitun	4,660,902.24	253,435.65	1,006,755.53	-	3,907,582.36	-	-	-	Internal resource
Hengyang Jisheng	3,034,500.00	2,975,754.00	6,010,254.00	-	-	-	-	-	Internal resource
Fujian Haid	2,493,665.00	644,437.00	3,138,102.00	-	-	-	-	-	Internal resource
Zhejiang Haid	-	9,435,630.77	59,837.40	-	9,375,793.37	-	-	-	Internal resource
Guangxi Haid	-	12,762,627.28	4,744,757.28	-	8,017,870.00	-	-	-	Internal resource
Haida Indonesia	-	28,720,856.94	-	-	28,720,856.94	-	-	-	Internal resource
Jiangxi Haid	-	4,049,236.64	-	-	4,049,236.64	-	-	-	Internal resource

Item	December 31, 2016	Increase in Current Period	Reclassified into long-lived assets	Other decreases	December 31, 2017	Accumulated capitalized interest	Including: Capitalized interest in Current Period	Capitalization rate	Source of funds
Guangdong Hisenor	1,445,699.78	967,057.42	2,412,757.20	-	-	-	-	-	Internal resource
Maoming Hailong	-	1,406,544.40	1,406,544.40	-	-	-	-	-	Internal resource
Dong Nai Vietnam	18,555,823.59	9,295,866.85	27,851,690.44	-	-	-	-	-	Internal resource
Jieyang Haid	-	1,449,268.65	1,449,268.65	-	-	-	-	-	Internal resource
Sheng Long Bio-Tech	5,486,609.71	27,496,453.05	20,057,912.43	-	12,925,150.33	-	-	-	Internal resource
Tianmen Haid	-	2,085,398.00	95,398.00	-	1,990,000.00	-	-	-	Internal resource
Zhuhai Hailong	296,100.00	1,418,514.00	1,714,310.00	-	304.00	-	-	-	Internal resource
Yangjiang Haid	-	5,681,039.06	5,681,039.06	-	-	-	-	-	Internal resource
Sheng Long Bio-Tech (India)	1,849,136.85	38,306,226.96	-	-	40,155,363.81	-	-	-	Internal resource
Hai Duong Haid	-	57,880,711.68	8,142,986.16	-	49,737,725.52	-	-	-	Internal resource

Item	December 31, 2016	Increase in Current Period	Reclassified into long-lived assets	Other decreases	December 31, 2017	Accumulated capitalized interest	Including: Capitalized interest in Current Period	Capitalization rate	Source of funds
Dongting Haid	-	3,983,148.40	28,000.00	-	3,955,148.40	-	-	-	Raised funds and internal resource
Anhui Haid	13,998,325.69	1,468,293.31	15,466,619.00	-	-	-	-	-	Internal resource
Xiangtan Haid	684,942.89	6,974,468.48	7,327,206.37	-	332,205.00	-	-	-	Raised funds and internal resource
Shanxian Haiding	1,492,500.00	3,568,724.00	4,069,824.00	-	991,400.00	-	-	-	Internal resource
Heze Haiding Technology	3,136,784.00	6,680,431.00	9,817,215.00	-	-	-	-	-	Internal resource
Panyu Dachuan	-	6,300,513.00	6,300,513.00	-	-	-	-	-	Internal resource
Kaifeng Haid	-	2,091,512.00	2,041,336.00	-	50,176.00	-	-	-	Internal resource

Item	December 31, 2016	Increase in Current Period	Reclassified into long-lived assets	Other decreases	December 31, 2017	Accumulated capitalized interest	Including: Capitalized interest in Current Period	Capitalization rate	Source of funds
Sanming Haid	17,879,308.26	19,894,438.00	37,773,746.26	-	-	-	-	-	Raised funds and internal resource
Qingyuan Haid	2,190,128.00	24,754,797.20	26,944,925.20	-	-	-	-	-	Internal resource
Xuancheng Haid	4,702,723.00	18,860,028.88	23,562,751.88	-	-	-	-	-	Internal resource
Chongqing Haid	-	23,824,123.85	23,824,123.85	-	-	-	-	-	Internal resource
Xuzhou Haihe	-	2,491,109.85	2,491,109.85	-	-	-	-	-	Internal resource
Ganzhou Haid	-	5,700,784.00	5,700,784.00	-	-	-	-	-	Internal resource
Guigang Donghuang	-	5,466,308.00	1,966,900.00	-	3,499,408.00	-	-	-	Internal resource
Production lines:									
Hunan Haid	-	1,081,555.00	1,081,555.00	-	-	-	-	-	Internal resource

Item	December 31, 2016	Increase in Current Period	Reclassified into long-lived assets	Other decreases	December 31, 2017	Accumulated capitalized interest	Including: Capitalized interest in Current Period	Capitalization rate	Source of funds
Zoucheng Haiyue	119,008.00	3,581,573.00	3,373,592.00	-	326,989.00	-	-	-	Internal resource
Yinan Haiyue	1,609,916.50	1,578,335.00	3,188,251.50	-	-	-	-	-	Internal resource
Qingyuan Happy	6,110,020.00	3,926,973.37	10,036,111.37	-	882.00	-	-	-	Internal resource
Zhanjiang Haid	-	2,528,617.49	802,036.33	-	1,726,581.16	-	-	-	Internal resource
Chengdu Haid	-	1,178,000.00	1,178,000.00	-	-	-	-	-	Internal resource
Taizhou Haid	-	15,507,853.20	15,507,853.20	-	-	-	-	-	Internal resource
Jingzhou Haid	-	4,838,671.52	4,838,671.52	-	-	-	-	-	Internal resource
Ezhou Haid	-	1,220,130.00	1,220,130.00	-	-	-	-	-	Internal resource
Dongguan Haid	294,000.00	2,946,620.00	3,194,620.00	-	46,000.00	-	-	-	Internal resource
Sihui Yitun	-	2,334,980.04	-	-	2,334,980.04	-	-	-	Internal resource

Item	December 31, 2016	Increase in Current Period	Reclassified into long-lived assets	Other decreases	December 31, 2017	Accumulated capitalized interest	Including: Capitalized interest in Current Period	Capitalization rate	Source of funds
Fujian Haid	9,197,000.00	13,235,740.00	1,408,040.00	-	21,024,700.00	-	-	-	Internal resource
Guangxi Haid	-	3,278,000.00	-	-	3,278,000.00	-	-	-	Internal resource
Rongcheng Rongchuan	2,813,917.85	2,024,009.24	4,837,927.09	-	-	-	-	-	Internal resource
Rongcheng Yandunjiao	395,006.80	3,543,299.51	2,374,402.86	-	1,563,903.45	-	-	-	Internal resource
Pucheng Haidun	-	1,805,871.80	1,805,871.80	-	-	-	-	-	Internal resource
Maoming Hailong	-	2,140,429.00	2,140,429.00	-	-	-	-	-	Internal resource
Nanchang Haid	-	1,936,500.00	1,936,500.00	-	-	-	-	-	Internal resource
Zhuhai Rongchuan	12,847,992.50	41,194,669.43	52,960,698.31	-	1,081,963.62	-	-	-	Internal resource
Jieyang Haid	-	2,503,835.20	2,503,835.20	-	-	-	-	-	Internal resource
Dong Nai Vietnam	8,458,089.10	-	8,458,089.10	-	-	-	-	-	Internal resource

Item	December 31, 2016	Increase in Current Period	Reclassified into long-lived assets	Other decreases	December 31, 2017	Accumulated capitalized interest	Including: Capitalized interest in Current Period	Capitalization rate	Source of funds
Sheng Long Bio-Tech	-	5,328,670.78	5,328,670.78	-	-	-	-	-	Internal resource
Changzhou Haid	-	2,595,000.00	285,000.00	-	2,310,000.00	-	-	-	Internal resource
Tianjin Haid	-	1,303,500.00	1,303,500.00	-	-	-	-	-	Internal resource
A&T Xinhui	-	1,391,433.10	-	-	1,391,433.10	-	-	-	Internal resource
Tianmen Haid	152,000.00	7,822,610.00	5,863,150.00	-	2,111,460.00	-	-	-	Internal resource
Zhuhai Hailong	3,092,500.00	16,602,918.00	8,784,908.00	-	10,910,510.00	-	-	-	Internal resource
Yangjiang Haid	-	2,278,825.73	2,185,568.73	-	93,257.00	-	-	-	Internal resource
Yiyang Haid	-	3,760,000.00	3,760,000.00	-	-	-	-	-	Internal resource
Yunnan Haid	-	2,153,590.00	2,153,590.00	-	-	-	-	-	Internal resource
Sheng Long Bio-Tech (India)	-	21,923,501.21	-	-	21,923,501.21	-	-	-	Internal resource

Item	December 31, 2016	Increase in Current Period	Reclassified into long-lived assets	Other decreases	December 31, 2017	Accumulated capitalized interest	Including: Capitalized interest in Current Period	Capitalization rate	Source of funds
Dongting Haid	-	7,769,900.00	834,600.00	-	6,935,300.00	-	-	-	Raised funds and internal resource
Foshan Haihang	107,000.00	1,389,600.00	1,496,600.00	-	-	-	-	-	Internal resource
Anhui Haid	7,214,300.00	11,394,290.00	18,458,590.00	-	150,000.00	-	-	-	Internal resource
Xiangtan Haid	499,380.00	762,770.92	1,142,900.92	-	119,250.00	-	-	-	Raised funds and internal resource
Shanxian Haiding	2,301,220.00	7,039,975.00	8,487,730.00	-	853,465.00	-	-	-	Internal resource
Heze Haiding Technology	55,000.00	7,489,946.90	7,544,946.90	-	-	-	-	-	Internal resource
Panyu Dachuan	-	8,626,150.00	8,626,150.00	-	-	-	-	-	Internal resource
Yancheng Haid	224,300.25	11,293,903.98	11,518,204.23	-	-	-	-	-	Internal resource

Item	December 31, 2016	Increase in Current Period	Reclassified into long-lived assets	Other decreases	December 31, 2017	Accumulated capitalized interest	Including: Capitalized interest in Current Period	Capitalization rate	Source of funds
Kaifeng Haid	-	3,460,998.00	3,460,998.00	-	-	-	-	-	Internal resource
Huaihua Haid	405,000.00	686,152.00	1,091,152.00	-	-	-	-	-	Raised funds and internal resource
Hunan Innovative	-	1,835,560.00	153,960.00	-	1,681,600.00	-	-	-	Internal resource
Sichuan Hailinger	160,955.00	5,804,558.31	5,567,315.80	-	398,197.51	-	-	-	Internal resource
Sanming Haid	11,275,074.00	6,447,607.00	17,722,681.00	-	-	-	-	-	Raised funds and internal resource
Qingyuan Haid	-	24,676,735.92	23,050,221.92	-	1,626,514.00	-	-	-	Internal resource
Xuancheng Haid	3,060,561.00	12,803,130.52	15,818,691.52	45,000.00	-	-	-	-	Internal resource
Guangdong Hinter	-	1,341,568.35	1,001,568.35	-	340,000.00	-	-	-	Internal resource

Item	December 31, 2016	Increase in Current Period	Reclassified into long-lived assets	Other decreases	December 31, 2017	Accumulated capitalized interest	Including: Capitalized interest in Current Period	Capitalization rate	Source of funds
Chongqing Haid	-	39,838,168.00	39,827,231.00	-	10,937.00	-	-	-	Internal resource
Xuzhou Haihe	-	4,487,993.00	14,793.00	-	4,473,200.00	-	-	-	Internal resource
Lianyungang Haihe	-	8,168,942.00	8,168,942.00	-	-	-	-	-	Internal resource
Miscellaneous engineering projects:									
Jiangmen Haid	199,200.00	1,435,114.60	1,634,314.60	-	-	-	-	-	Internal resource
Haid Group	5,905,404.30	13,522,663.76	17,739,014.29	-	1,689,053.77	-	-	-	Internal resource
Yinan Haiyue	584,664.00	1,087,703.50	1,672,367.50	-	-	-	-	-	Internal resource
Zhanjiang Haid	241,092.29	1,165,838.01	403,023.27	-	1,003,907.03	-	-	-	Internal resource
Chengdu Haid	99,450.00	2,562,641.00	507,536.00	-	2,154,555.00	-	-	-	Internal resource

Item	December 31, 2016	Increase in Current Period	Reclassified into long-lived assets	Other decreases	December 31, 2017	Accumulated capitalized interest	Including: Capitalized interest in Current Period	Capitalization rate	Source of funds
Taizhou Haid	-	1,675,520.00	1,675,520.00	-	-	-	-	-	Internal resource
Sihui Yitun	40,695.75	1,871,853.38	869,826.85	-	1,042,722.28	-	-	-	Internal resource
Jiangxi Haid	2,763.00	1,890,450.00	-	-	1,893,213.00	-	-	-	Internal resource
Hainan Hisenor	663,776.26	1,563,121.71	2,105,937.97	-	120,960.00	-	-	-	Internal resource
Nanchang Haid	-	1,098,837.31	1,098,837.31	-	-	-	-	-	Internal resource
Guangzhou Haiwei	1,167,574.00	925,420.00	2,092,994.00	-	-	-	-	-	Internal resource
Dong Nai Vietnam	63,779.40	3,274,108.26	3,337,887.66	-	-	-	-	-	Internal resource
Changzhou Haid	350,000.00	4,746,903.54	4,817,001.94	-	279,901.60	-	-	-	Internal resource
Tianjin Haid	90,910.00	4,419,911.05	4,510,821.05	-	-	-	-	-	Internal resource
A&T Xinhui	2,016,020.00	1,327,534.00	3,303,854.00	-	39,700.00	-	-	-	Internal resource

Item	December 31, 2016	Increase in Current Period	Reclassified into long-lived assets	Other decreases	December 31, 2017	Accumulated capitalized interest	Including: Capitalized interest in Current Period	Capitalization rate	Source of funds
Zhuhai Hailong	1,553,540.00	1,464,501.00	1,597,891.00	-	1,420,150.00	-	-	-	Internal resource
Yangjiang Haid	-	1,182,000.00	1,182,000.00	-	-	-	-	-	Internal resource
Yiyang Haid	1,285,318.17	860,180.00	2,145,498.17	-	-	-	-	-	Internal resource
Anhui Haid	979,984.20	3,758,290.56	4,738,274.76	-	-	-	-	-	Internal resource
Panyu Dachuan	119,700.00	2,472,592.03	2,592,292.03	-	-	-	-	-	Internal resource
Yancheng Haid	396,000.00	1,161,633.38	1,557,633.38	-	-	-	-	-	Internal resource
Sanming Haid	24,500.00	7,433,853.00	6,676,553.00	-	781,800.00	-	-	-	Raised funds and internal resource
Qingyuan Haid	220,000.00	1,325,991.86	1,545,991.86	-	-	-	-	-	Internal resource
Xuancheng Haid	-	1,335,288.00	1,335,288.00	-	-	-	-	-	Internal resource

Item	December 31, 2016	Increase in Current Period	Reclassified into long-lived assets	Other decreases	December 31, 2017	Accumulated capitalized interest	Including: Capitalized interest in Current Period	Capitalization rate	Source of funds
Chongqing Haid	-	5,224,668.00	5,224,668.00	-	-	-	-	-	Internal resource
Lianyungang Haihe	-	1,473,535.12	1,003,285.12	-	470,250.00	-	-	-	Internal resource
Total	201,164,880.46	824,925,569.99	720,919,718.63	968,670.00	304,202,061.82	-	-	-	—

Note: There was no capitalized interest expense or foreign exchange losses on construction in progress in 2017.

(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 Original carrying value					
1. Opening balance	20,814,297.60	4,372,263.12	2,097,638.04	1,247,781.71	28,531,980.47
2. Increase in Current Period	5,206,144.59	12,288,156.07	9,692,838.29	13,153,861.31	40,341,000.26
(1) Purchased	-	1,164,849.70	-	6,838,765.67	8,003,615.37
(2) Self-cultivated	5,206,144.59	11,123,306.37	5,792,275.58	6,315,095.64	28,436,822.18
(3) Increase caused by business combinations	-	-	3,900,562.71	-	3,900,562.71
3. Decrease in Current Period	11,341,732.66	12,573,183.87	6,621,556.66	12,601,504.94	43,137,978.13
(1) Decrease caused by sale	-	722,048.01	-	47,583.04	769,631.05
(2) Dead or scrapped	11,078,932.66	11,762,875.66	1,415,412.07	-	24,257,220.39
(3) Reclassified into "mature" category	-	-	5,206,144.59	11,123,306.37	16,329,450.96
(4) Other decreases	262,800.00	88,260.20	-	1,430,615.53	1,781,675.73

Item	Animal husbandry-mature	Aquaculture-mature	Animal husbandry-immature	Aquaculture-immature	Total
4. Closing balance	14,678,709.53	4,087,235.32	5,168,919.67	1,800,138.08	25,735,002.60
II Accumulated depreciation					
1. Opening balance	7,133,874.98	2,211,530.16	-	-	9,345,405.14
2. Increase in Current Period	5,914,703.47	10,716,511.85	-	-	16,631,215.32
(1) Depreciation charged in Current Period	5,914,703.47	10,716,511.85	-	-	16,631,215.32
3. Decrease in Current Period	6,080,003.48	11,283,461.12	-	-	17,363,464.60
(1) Decrease caused by sale	-	365,490.51	-	-	365,490.51
(2) Dead or scrapped	6,054,662.09	10,917,970.61	-	-	16,972,632.70
(3) Other decreases	25,341.39	-	-	-	25,341.39
4. Closing balance	6,968,574.97	1,644,580.89	-	-	8,613,155.86
III Impairment allowance					
1. Opening balance	-	-	-	-	-
2. Increase in Current Period	-	-	-	-	-
(1)	-	-	-	-	-

Item	Animal husbandry-mature	Aquaculture-mature	Animal husbandry-immature	Aquaculture-immature	Total
Impairment allowance made in Current Period					
3. Decrease in Current Period	-	-	-	-	-
(1) Disposed	-	-	-	-	-
(2) Other decreases	-	-	-	-	-
4. Closing balance	-	-	-	-	-
IV Carrying value					
1. Closing carrying value	7,710,134.56	2,442,654.43	5,168,919.67	1,800,138.08	17,121,846.74
2. Opening carrying value	13,680,422.62	2,160,732.96	2,097,638.04	1,247,781.71	19,186,575.33

(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 Original carrying value						
1. Opening balance	500,813,611.18	28,195,043.97	69,204,676.48	162,516,232.41	-	760,729,564.04
2. Increase in Current Period	116,754,095.79	122,260.00	94,855,018.72	11,868,289.79	64,071,447.75	287,671,112.05
(1) Purchased	79,322,552.65	-	473,827.31	2,800,000.00	-	82,596,379.96
(2) Self-developed	-	-	-	9,066,389.79	-	9,066,389.79
(3) Increase caused by business combinations	23,048,626.01	122,260.00	79,609,670.00	1,900.00	64,071,447.75	166,853,903.76
(4) Reclassified from construction in progress	14,382,917.13	-	14,771,521.41	-	-	29,154,438.54
3. Decrease in Current Period	4,905,600.00	102,750.00	40,666.00	-	-	5,049,016.00
(1) Disposed	4,905,600.00	102,750.00	40,666.00	-	-	5,049,016.00
4. Closing balance	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
II Accumulated depreciation						

Item	Land use rights	Patented technologies	Software use rights and trademark rights	Non-patented technologies	Other including marketing network	Total
1. Opening balance	55,799,154.24	4,243,225.46	24,231,208.66	58,224,577.89	-	142,498,166.25
2. Increase in Current Period	13,674,893.54	1,813,889.54	10,669,687.02	15,627,874.59	1,333,405.00	43,119,749.69
(1) Depreciation charged	11,354,508.24	1,743,321.95	10,264,176.92	15,627,874.59	1,333,405.00	40,323,286.70
(2) Increase caused by business combinations	2,320,385.30	70,567.59	405,510.10	-	-	2,796,462.99
3. Decrease in Current Period	105,120.00	102,750.00	40,666.00	-	-	248,536.00
(1) Disposed	105,120.00	102,750.00	40,666.00	-	-	248,536.00
4. Closing balance	69,368,927.78	5,954,365.00	34,860,229.68	73,852,452.48	1,333,405.00	185,369,379.94
III Impairment allowance						
1. Opening balance	-	-	-	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. Closing balance	-	-	-	11,979,620.36	-	11,979,620.36

Item	Land use rights	Patented technologies	Software use rights and trademark rights	Non-patented technologies	Other including marketing network	Total
IV Carrying value						
1. Closing 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
2. Opening carrying value	445,014,456.94	23,951,818.51	44,973,467.82	92,312,034.16	-	606,251,777.43

Note: As of the end of the Reporting Period, the intangible assets arising from the Company's independent development accounted for 14.80% of the carrying balance of intangible assets.

(2) The carrying value of the land use rights with unfinished ownership certificates was RMB 37,753,602.90. Currently, the ownership certificates are being handled.

18. R&D Expense

Item	December 31, 2016	Increase in Current Period	Decrease in Current Period		December 31, 2017
			Recorded in current profit or loss	Recognized in intangible assets	
Development and application of feed formulation technology	-	101,865,950.04	101,865,950.04	-	-
Development and application of feed additives	-	88,599,867.74	88,599,867.74	-	-
Development of domestic animal selected farming technology	5,334,818.15	19,111,925.93	19,064,637.01	5,382,107.07	-
Development of animal healthcare products and healthy cultivation models	6,284,016.98	48,729,294.39	44,392,640.70	3,684,282.72	6,936,387.95
Total	11,618,835.13	258,307,038.10	253,923,095.49	9,066,389.79	6,936,387.95

19. Goodwill

(1) Original Carrying Value of Goodwill

Name of investee or matter incurring goodwill	December 31, 2016	Increased in Current Period	Decrease in Current Period	December 31, 2017
		Incurred by business combinations	Effects of translation of foreign-currency-deno- minated financial statements	
Guangzhou Runchuan (note 1)	50,000.00	-	-	50,000.00
Taizhou Haid (note 1)	578,247.88	-	-	578,247.88

Name of investee or matter incurring goodwill	December 31, 2016	Increased in Current Period	Decrease in Current Period	December 31, 2017
		Incurring by business combinations	Effects of translation of foreign-currency-denominated financial statements	
Guangzhou Haihe (note 1)	76,663.70	-	-	76,663.70
Dongguan Haid (note 2)	2,831,241.61	-	-	2,831,241.61
Sanshuifanling (note 2)	4,841,934.68	-	-	4,841,934.68
Dalian Rongchuan (note 2)	32,178.11	-	-	32,178.11
Qingyuan Bairong (note 2)	1,218,130.86	-	-	1,218,130.86
Zhanjiang Hisenor (note 2)	4,100,845.79	-	-	4,100,845.79
Panasia Trading (note 2)	43,585,099.13	-	2,530,788.22	41,054,310.91
Hisenor Vietnam (note 2)	5,619,290.77	-	326,286.63	5,293,004.14
Kaifeng Haid (note 2)	8,838,854.56	-	-	8,838,854.56
Heshengtang Biotechnology (note 2)	127,116.22	-	-	127,116.22
Livestock Research Institute (note 2)	5,809,578.76	-	-	5,809,578.76
Hunan Innovative (note 2)	19,210,769.76	-	-	19,210,769.76
Sichuan Hailinger (note 2)	76,410,471.64	-	-	76,410,471.64
Jiaxing Haid (note 2)	8,312,415.28	-	-	8,312,415.28
Rongcheng Yandunjiao (note 2)	33,087.10	-	-	33,087.10
Shandong Daxin (note 2)	-	115,902,036.20	-	115,902,036.20
Hunan Jinhuilong (note 2)	-	2,400,475.64	-	2,400,475.64
Total	181,675,925.85	118,302,511.84	2,857,074.85	297,121,362.84

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 41,054,310.91 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. The change in this goodwill amount during the Reporting Period was resulted from translation of foreign-currency-denominated financial statements.

The goodwill of RMB 5,293,004.14 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 USD1.14 million exceeded its share of the acquiree's owners' equity was recorded in goodwill. The change in this goodwill amount during the Reporting Period was resulted from translation of foreign-currency-denominated financial statements.

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 Heshengtang Biotechnology: When acquiring in February 2013 a stake in Heshengtang Biotechnology, 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 Livestock Research Institute: When acquiring in March 2013 a stake in Livestock 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 Innovative: 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 Jiaying Haid: When acquiring in February 2016 a stake in Jiaying 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.

(2) Impairment Allowance for Goodwill

Name of investee or matter incurring goodwill	December 31, 2016	Increase in Current Period	Decrease in Current Period	December 31, 2017
		Impairment allowance made for goodwill	Disposed	
Hisenor Vietnam	-	2,580,731.36	-	2,580,731.36
Total	-	2,580,731.36	-	2,580,731.36

At the end of a period, the Company allocates goodwill to the relevant asset groups, forecasts the future cash flows the asset groups are expected to generate based on the financial forecasts approved by the management, discounts these future cash flows and then calculates the present value of these future cash flows. The impairment allowance made for goodwill in the Current Period equaled to the amount by which the present value of the future cash flows the goodwill-carrying Hisenor Vietnam asset group was expected to generate was lower than this asset group's carrying value.

20. Long-Term Prepaid Expense

Item	December 31, 2016	Increase in Current Period	Amortized in Current Period	Other decreases	December 31, 2017
Rental expense	81,782,484.73	68,187,765.85	15,200,540.51	3,784,803.87	130,984,906.20
Forest restoration expense	4,596,973.66	3,132,832.00	276,586.59	-	7,453,219.07
Expense on obtaining	22,877,782.42	7,910,577.76	1,933,668.09	838,904.75	28,015,787.34

Item	December 31, 2016	Increase in Current Period	Amortized in Current Period	Other decreases	December 31, 2017
operation rights of contracted assets					
Improvement and decoration expense	22,459,348.57	16,578,739.59	13,551,119.60	663,153.48	24,823,815.08
Other	2,787,590.74	1,861,446.21	383,898.45	41,857.14	4,223,281.36
Total	134,504,180.12	97,671,361.41	31,345,813.24	5,328,719.24	195,501,009.05

Note: “Other decreases” in the Current Period in the table above were primarily incurred by certain transfers to external parties and reclassification into other current assets.

21. Deferred Income Tax Assets and Liabilities

(1) Deferred Income Tax Assets without Taking into Consideration Offsetting of Balances

Item	December 31, 2017		December 31, 2016	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Allowance for asset impairments	97,596,871.82	21,137,030.20	62,075,177.05	13,056,550.07
Organization cost	6,932,082.50	906,855.90	2,141,299.20	548,446.22
Depreciation of property, plant and equipment	8,280,024.70	1,221,156.29	4,348,463.41	703,594.51
Amortization of intangible assets	1,639,423.50	409,855.88	1,314,238.52	328,559.64
Deductible losses	537,427,663.93	116,182,443.84	612,154,130.44	146,358,531.74
Accrued expense	9,263,944.68	2,315,986.17	2,337,383.55	556,612.46
Unrealized internal sales	119,543,195.52	25,752,227.06	119,091,386.67	25,064,211.53

income				
Gain/Loss on changes in fair value	18,219,496.36	4,554,874.09	1,768,330.00	426,982.50
Deferred income	52,205,635.22	12,258,449.24	38,507,661.90	8,025,526.24
Payroll payable	50,938,718.99	12,734,679.75	12,409,767.71	3,102,441.93
Profit sharing benefits	72,463,249.40	14,140,711.02	43,126,395.03	7,349,728.29
Equity incentive	311,223,911.89	77,805,977.97	47,094,188.17	11,773,547.04
Deductible advertising expense carryforwards	1,475,842.36	368,960.59	1,145,649.62	286,412.41
Total	1,287,210,060.87	289,789,208.00	947,514,071.27	217,581,144.58

(2) Deferred Income Tax Liabilities without Taking into Consideration Offsetting of Balances

Item	December 31, 2017		December 31, 2016	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Gain/Loss on changes in fair value	9,601,140.00	2,400,285.00	31,379,490.00	7,844,872.50
Depreciation of property, plant and equipment	4,964,233.28	1,241,058.32	1,141,254.24	285,313.56
Amortization of intangible assets	28,770,616.58	7,192,654.15	-	-
Increase in value upon valuation	237,643,687.28	54,821,214.67	68,436,754.18	14,474,690.85
Total	280,979,677.14	65,655,212.14	100,957,498.42	22,604,876.91

(3) Unrecognized Deferred Income Tax Assets

Item	December 31, 2017	December 31, 2016
Deductible temporary differences	260,655.95	44,672,930.72

Item	December 31, 2017	December 31, 2016
Deductible losses	71,469,524.84	81,705,553.31
Total	71,730,180.79	126,378,484.03

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	December 31, 2017	December 31, 2016
2017	-	22,416,621.50
2018	-	8,121,167.25
2019	11,595.40	1,978,533.22
2020	13,766.46	7,288,419.01
2021	11,306.59	4,868,189.74
2022	223,987.50	-
Total	260,655.95	44,672,930.72

22. Other Non-Current Assets

Item	December 31, 2017	December 31, 2016
Prepayments for equipment and engineering services	88,074,264.21	52,594,087.07
Prepayments for acquisition of other long-lived assets	37,832,649.91	20,812,423.24
Total	125,906,914.12	73,406,510.31

23. Short-Term Borrowings

(1) Short-Term Borrowings by Category

Item	December 31, 2017	December 31, 2016
Unsecured borrowings	2,301,398,763.70	1,608,616,105.38
Discounted undue notes	2,500,000.00	-

Item	December 31, 2017	December 31, 2016
Total	2,303,898,763.70	1,608,616,105.38

(2) There were no overdue short-term borrowings as of the end of the Reporting Period.

24. Financial Liabilities at Fair Value through Profit or Loss

Item	December 31, 2017	December 31, 2016
Trading financial liabilities	18,771,309.55	1,768,330.00
Including: Derivative financial liabilities	18,771,309.55	1,768,330.00
Total	18,771,309.55	1,768,330.00

Note: Trading financial liabilities were futures and currency swaps at fair value.

25. Accounts Payable

(1) Closing Balances

Item	December 31, 2017	December 31, 2016
Accounts payable with aging below 1 year	1,204,339,877.59	923,159,405.49
Accounts payable with aging over 1 year	23,852,422.99	15,984,977.61
Total	1,228,192,300.58	939,144,383.10

(2) Major Accounts Payable with Aging over 1 Year

Item	Closing balance	Reason for unsettledness or carry-forward
Payable for engineering project	6,847,538.41	Settlement undue
Total	6,847,538.41	—

26. Advances from Customers

(1) Closing Balances

Item	December 31, 2017	December 31, 2016
Advances from customers with aging	1,160,370,508.81	1,135,368,981.36

Item	December 31, 2017	December 31, 2016
below 1 year		
Advances from customers with aging over 1 year	27,018,957.86	22,713,292.74
Total	1,187,389,466.67	1,158,082,274.10

(2) Major Advances from Customers with Aging over 1 Year

Item	Closing balance	Reason for unsettledness or carry-forward
Advances on sales	8,408,164.48	Conditions for revenue recognition unmet
Total	8,408,164.48	—

27. Payroll Payable

(1) Payroll Payable by Category

Item	December 31, 2016	Increase in Current Period	Decrease in Current Period	December 31, 2017
1. Short-term employee compensation	385,288,503.58	1,594,671,211.43	1,448,040,674.70	531,919,040.31
2. Post-employment benefits-defined contribution plans	73,825.12	58,042,734.87	57,981,727.71	134,832.28
3. Dismissal benefits	-	2,377,101.13	2,377,101.13	-
4. Current portion of other employee benefits	-	-	-	-
Total	385,362,328.70	1,655,091,047.43	1,508,399,503.54	532,053,872.59

(2) Short-Term Employee Compensation

Item	December 31, 2016	Increase in Current Period	Decrease in Current Period	December 31, 2017
I Salaries, bonuses, allowances and	312,578,217.77	1,387,066,882.95	1,292,185,365.87	407,459,734.85

Item	December 31, 2016	Increase in Current Period	Decrease in Current Period	December 31, 2017
subsidies				
II Employee benefits	756,523.08	46,262,840.70	45,071,501.31	1,947,862.47
III Social security contributions	72,784.99	32,939,498.31	32,919,519.12	92,764.18
Including: 1. Medical insurance	66,475.45	27,252,908.02	27,238,643.76	80,739.71
2. Work injury insurance	186.52	3,062,502.77	3,056,490.80	6,198.49
3. Serious disease subsidies	949.73	406,193.44	406,543.17	600.00
4. Maternity insurance	5,173.29	2,217,894.08	2,217,841.39	5,225.98
IV Housing funds	14,907.00	1,893,034.63	1,885,431.63	22,510.00
V Labor union funds and employee education funds	704,497.57	6,207,856.67	6,140,033.73	772,320.51
VI Short-term profit sharing plans	59,161,573.17	81,789,637.6	57,838,823.04	83,112,387.73
VII Key personnel stock ownership plans	12,000,000.00	38,511,460.57	12,000,000.00	38,511,460.57
Total	385,288,503.58	1,594,671,211.43	1,448,040,674.70	531,919,040.31

Note: As of the end of the Reporting Period, there were no arrears of employee compensation.

(3) Defined Contribution Plans

Item	December 31, 2016	Increase in Current Period	Decrease in Current Period	December 31, 2017
1. Basic endowment insurance	46,487.87	56,147,591.51	56,095,898.80	98,180.58
2. Unemployment insurance	27,337.25	1,895,143.36	1,885,828.91	36,651.70
3. Enterprise annuity contributions	-	-	-	-
Total	73,825.12	58,042,734.87	57,981,727.71	134,832.28

28. Taxes Payable

Item	December 31, 2017	December 31, 2016
VAT	7,950,971.04	9,156,892.96
City construction tax	500,803.40	609,981.63
Corporate income tax	53,998,750.66	25,402,656.98
Individual income tax	3,120,644.57	1,980,652.56
Property tax	5,446,033.15	3,098,859.50
Stamp tax	1,460,810.62	1,482,500.76
Educational surcharges	372,130.09	446,176.80
Embankment fees	60,489.15	47,645.52
Land use tax	2,951,955.90	2,051,873.32
Local funds	11,273.24	9,336.33
Disabled employment security fund	103,904.40	346,278.74
Other	-	46,742.55
Total	75,977,766.22	44,679,597.65

29. Interest Payable

Item	December 31, 2017	December 31, 2016
Interest payable on short-term borrowings	5,188,104.75	3,230,460.23
Total	5,188,104.75	3,230,460.23

30. Dividends Payable

Item	December 31, 2017	December 31, 2016
Dividends payable to common shareholders	3,841,961.69	2,388,168.75
Dividends payable to non-controlling interests	5,038,848.71	-
Total	8,880,810.40	2,388,168.75

31. Other Payables

(1) Other Payables by Nature

Item	December 31, 2017	December 31, 2016
Restricted stock repurchase commitments	302,540,781.00	40,893,365.00
Security deposits	87,096,539.05	56,021,288.19
Petty cash	6,045,449.14	3,411,768.66
Land rents and payables for land use	5,548,979.34	5,581,446.24
Payables for equity transfer	104,551,689.52	-
Current payables to external parties	38,206,867.99	20,080,282.06
Other	6,155,730.64	3,422,953.32
Total	550,146,036.68	129,411,103.47

(2) Major Other Receivables with Aging over 1 Year

Item	Closing balance	Reason for unsettledness or carry-forward
Payables for equity transfer	1,000,000.00	Payment conditions unmet
Payables for land transfer	1,330,000.00	Land use certificate unfinished
Repurchase commitments on restricted stock in lockup	14,983,425.00	Still in lockup period
Employee mutual help fund	2,745,250.57	Not yet used up
Security deposits	2,622,857.00	Still within lease term

Item	Closing balance	Reason for unsettledness or carry-forward
Total	22,681,532.57	—

32. Other Current Liabilities

Item	December 31, 2017	December 31, 2016
Utilities	19,034,872.40	15,552,744.68
Steam or other fuel or power charges	6,509,377.34	2,522,007.29
Transportation and warehousing charges	6,456,692.87	3,424,238.63
Office and meeting service charges	7,168,209.59	3,749,625.54
Travel charges	8,646,728.65	5,858,232.36
Rents	1,647,217.25	407,487.19
Vehicle charges	6,268,573.75	3,210,986.82
R&D charges	1,388,471.60	240,321.80
Business promotion charges	8,387,246.83	3,670,660.80
Maintenance charges	1,774,221.99	736,197.83
Entrusted cultivation charges	22,576,060.90	20,941,041.00
Other	8,061,450.75	3,723,250.09
Total	97,919,123.92	64,036,794.03

33. Long-Term Payables

(1) Long-Term Payables by Nature

Item	December 31, 2017	December 31, 2016
Dividends for restricted stock in lockup	-	2,388,168.77
Payables for equity transfer	111,716,800.00	-
Payables for finance leases	3,837,744.46	-
Less: Unrecognized financing costs	13,980,405.60	-

Item	December 31, 2017	December 31, 2016
Total	101,574,138.86	2,388,168.77

34. Long-Term Payroll Payable

Item	December 31, 2017	December 31, 2016
1. Post-employment benefits-net liabilities of defined benefit plans	-	-
2. Dismissal benefits	-	-
3. Long-term profit sharing plans	72,463,249.40	43,126,395.03
Total	72,463,249.40	43,126,395.03

35. Deferred Income

Item	December 31, 2016	Increase in Current Period	Decrease in Current Period	December 31, 2017	Reason
Government subsidies	71,167,313.93	24,509,759.52	22,766,592.67	72,910,480.78	Receipt of government subsidy
Rent income	3,771,990.77	1,586,758.11	2,852,156.56	2,506,592.32	Conditions for revenue recognition unmet
Total	74,939,304.70	26,096,517.63	25,618,749.23	75,417,073.10	—

Government subsidies are specified as follows:

Item	December 31, 2016	Increase in Current Period	Recorded in other income for Current Period	Other decreases	December 31, 2017	Associated with assets/income
Fiscal appropriation	31,977,862.60	8,024,491.52	5,035,354.12	-	34,967,000.00	Assets
Fiscal	21,187,316.37	16,033,000.00	16,243,452.75	-	20,976,863.62	Income

Item	December 31, 2016	Increase in Current Period	Recorded in other income for Current Period	Other decreases	December 31, 2017	Associated with assets/income
appropriation						
Land-related subsidy	17,942,134.96	452,268.00	1,427,785.80	-	16,966,617.16	Assets
Other subsidy income	60,000.00	-	60,000.00	-	-	Income
Total	71,167,313.93	24,509,759.52	22,766,592.67	-	72,910,480.78	—

36. Shares

Item	December 31, 2016	Changes in Current Period					December 31, 2017
		New issue	Shares as dividend converted from retained earnings	Shares as dividend converted from public reserves	Other	Subtotal	
Total shares	1,541,428,454.00	40,383,000.00	-	-	-6,574,400.00	33,808,600.00	1,575,237,054.00

Note: The changes in the total shares in the Reporting Period were incurred by the exercise of share options under equity incentive plans in 2017, the restricted shares newly subscribed for and the repurchase of restricted shares granted to employees but still in lockup due to the employees' resignation.

37. Capital Reserves

Item	December 31, 2016	Increase in Current Period	Decrease in Current Period	December 31, 2017
Share premium (note 1)	1,412,536,331.75	263,709,801.51	20,478,222.94	1,655,767,910.32
Other capital reserves (note 2)	100,323,636.80	93,603,726.21	409,433.92	193,517,929.09
Total	1,512,859,968.55	357,313,527.72	20,887,656.86	1,849,285,839.41

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 (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.

38. Treasury Shares

Item	December 31, 2016	Increase in Current Period	Decrease in Current Period	December 31, 2017
Restricted stock repurchase commitments	40,893,365.00	301,318,336.00	39,670,920.00	302,540,781.00
Total	40,893,365.00	301,318,336.00	39,670,920.00	302,540,781.00

Note: 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.

39. Other Comprehensive Income

Item	December 31,	Amount incurred in Current Period	December 31,
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	2016	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	2017
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	15,148,924.06	-16,856,264.57	-	-	-17,920,338.94	1,064,074.37	-2,771,414.88
Including: Gain/Loss on changes in fair value of available-for-sale financial assets	-	-	-	-	-	-	-
Differences arising from translation of foreign currency-denominated financial statements	15,148,924.06	-16,856,264.57	-	-	-17,920,338.94	1,064,074.37	-2,771,414.88
Other	-	-	-	-	-	-	-
Total	15,148,924.06	-16,856,264.57	-	-	-17,920,338.94	1,064,074.37	-2,771,414.88

40. Surplus Reserves

Item	December 31, 2016	Increase in Current Period	Decrease in Current Period	December 31, 2017
Statutory surplus reserves	296,643,179.04	85,320,471.73	-	381,963,650.77

Total	296,643,179.04	85,320,471.73	-	381,963,650.77
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Note: As per the Company's Articles of Association, 10% of its net income in 2017 was appropriated to surplus reserves.

41. Retained Earnings

Item	Amount	Appropriation or allocation percentage
Retained earnings as of end of prior year before adjustments	2,324,405,117.52	
Total adjustments to opening retained earnings ("+" for increase and "-" for decrease)	-	
Opening retained earnings after adjustments	2,324,405,117.52	
Add: Net income attributable to shareholders of company in Current Period	1,207,225,209.35	
Less: Appropriation to statutory surplus reserves	85,320,471.73	10%
Dividends paid to common shareholders	472,789,516.20	
Closing retained earnings	2,973,520,338.94	

Note: On May 17, 2017, the Proposal on 2016 Annual Dividend Payout Plan (《关于公司2016年度利润分配预案的议案》) was reviewed and approved at the Company's 2016 Annual General Meeting. As such, the Company was agreed to distribute, based on its total shares of 1,575,965,054, a cash dividend of RMB 3.00 (tax inclusive) per 10 shares to shareholders, with the total cash dividends amounting to RMB 472,789,516.20, and the remaining retained earnings would carry forward.

42. Sales Revenue and Cost of Sales

(1) Sales Revenue

Item	2017	2016
Revenue from main operations	32,507,236,635.58	27,149,861,881.95
Revenue from other operations	49,397,491.80	35,448,103.37
Total	32,556,634,127.38	27,185,309,985.32

(2) Cost of sales

Item	2017	2016
Cost of sales in main operations	28,954,504,657.47	24,604,314,390.62
Cost of sales in other operations	25,074,034.95	21,101,762.72
Total	28,979,578,692.42	24,625,416,153.34

(3) Sales Revenue and Cost of Sales by Operating Division

Operating division	2017		2016	
	Sales revenue	Cost of sales	Sales revenue	Cost of sales
Feed industry	31,350,326,470.87	27,920,191,508.46	26,280,649,751.56	23,900,495,070.55
Farming industry	1,206,307,656.51	1,059,387,183.96	904,660,233.76	724,921,082.79
Total	32,556,634,127.38	28,979,578,692.42	27,185,309,985.32	24,625,416,153.34

(4) Sales Revenue and Cost of Sales by Product Category

Product category	2017		2016	
	Sales revenue	Cost of sales	Sales revenue	Cost of sales
Sales of feed	26,534,947,550.95	23,468,493,455.70	21,673,873,678.25	19,572,878,838.37
Sales of animal healthcare products	395,033,183.99	198,573,484.79	287,340,897.65	150,663,403.16
Sales of agricultural products	1,206,307,656.51	1,059,387,183.96	904,660,233.76	724,921,082.79
Trading business	4,353,761,813.66	4,229,945,384.53	4,261,344,692.32	4,151,267,638.09
Others	66,583,922.27	23,179,183.44	58,090,483.34	25,685,190.93
Total	32,556,634,127.38	28,979,578,692.42	27,185,309,985.32	24,625,416,153.34

(5) Sales Revenue by Operating Segment

Operating segment	2017	2016
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Operating segment	2017	2016
Southern China	21,435,646,148.66	18,185,227,200.58
Eastern China	4,541,380,412.75	3,068,502,222.74
Northern China	6,882,406,834.60	4,486,782,547.65
Central China	7,668,641,426.51	6,046,309,086.84
Overseas	2,418,687,862.14	3,013,630,172.30
Combined offset	-10,390,128,557.28	-7,615,141,244.79
Total	32,556,634,127.38	27,185,309,985.32

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	2017	2016
Business tax	-	2,322,924.98
City construction and maintenance tax	3,417,218.48	2,830,420.55
Educational surcharge	1,584,088.56	1,274,862.99
Local educational surcharge	1,047,984.97	887,550.80
Stamp tax	15,155,505.04	7,882,263.76
Property tax	15,042,899.00	9,235,108.86
Land use tax	9,735,043.52	7,031,680.71
Other	1,107,831.32	2,279,532.25
Total	47,090,570.89	33,744,344.90

44. Selling Expense

Item	2017	2016
Employee compensation	625,609,147.47	483,099,562.78
Travel expense	119,348,019.26	94,961,120.89
Product transportation charges and port charges	206,628,792.38	87,982,757.03
Business promotion expense	78,844,829.50	67,627,732.75
Equity incentive expense	8,434,859.06	594,710.30
Other	31,608,363.18	26,767,532.11
Total	1,070,474,010.85	761,033,415.86

45. Administrative Expense

Item	2017	2016
Employee compensation	464,443,020.74	320,139,620.83
R&D expense	253,923,095.49	183,400,796.44
Office expense	182,586,080.39	149,426,713.53
Taxes	-	10,803,956.34
Travel expense	43,786,139.41	33,632,030.77
Training and consulting service charges	26,486,883.92	18,128,289.92
Equity incentive expense	21,751,625.04	2,226,004.10
Other	54,260,917.74	38,547,184.76
Total	1,047,237,762.73	756,304,596.69

46. Financial Expenses

Item	2017	2016
Interest expense	99,494,927.21	76,115,751.95

Item	2017	2016
Less: Interest revenue	15,769,534.30	12,326,389.26
Add: Foreign exchange loss	18,739,296.75	26,131,272.50
Less: Foreign exchange income	35,766,435.90	29,264,977.13
Add: Handling charge expense and other	13,754,525.42	9,613,041.72
Total	80,452,779.18	70,268,699.78

47. Impairment Losses on Assets

Item	2017	2016
Loss on doubtful accounts	28,036,701.96	18,555,602.21
Inventory valuation allowance	208,457.38	639,633.10
Allowance for impairments of available-for-sale financial assets	14,554,950.00	-
Allowance for goodwill impairments	2,668,846.38	-
Total	45,468,955.72	19,195,235.31

48. Gain/Loss on Changes in Fair Value

Source	2017	2016
Financial assets at fair value through profit or loss	-15,528,350.00	25,123,220.00
Including: Gain/loss on changes in fair value of derivative financial instruments	-15,528,350.00	25,123,220.00
Financial liabilities at fair value through profit or loss	-17,021,820.35	964,880.00
Total	-32,550,170.35	26,088,100.00

Note: Gain/Loss on changes in fair value primarily consisted of the floating gains and losses on futures and currency swaps.

49. Return on Investment

Item	2017	2016
Return on long-term equity investments under equity method	6,307,278.32	3,578,379.82
Income from disposal of long-term equity investments	-3,690,871.24	-189,626.03
Income from disposal of financial assets at fair value through profit or loss	139,374,343.43	42,071,929.11
Income from holding available-for-sale financial assets	3,970,851.71	1,058.40
Income from disposal of available-for-sale financial assets	-73,004.67	47,914.00
Return on investments in wealth management instruments	28,765,121.46	9,666,766.09
Total	174,653,719.01	55,176,421.39

50. Gains on Assets Disposal

Item	2017	2016
Income from disposal of property, plant and equipment	1,002,000.14	1,310,060.55
Income from disposal of intangible assets	1,233,329.52	-
Income from disposal of productive living assets	3,801,741.37	2,073,548.22
Total	6,037,071.03	3,383,608.77

51. Other Income

Subsidy	2017	2016	Associated with assets/income
Fiscal appropriations	5,035,354.12	-	Assets
Fiscal appropriations	33,728,659.24	-	Income
Tax rebates	913,724.72	-	Income
Land-related subsidies	1,427,785.80	-	Assets
Other subsidies	289,836.00	-	Income
Total	41,395,359.88	-	—

52. Non-Operating Gain

(1) Details of Non-Operating Gain

Item	2017	2016	Amount charged to non-operating gains and losses of 2017
Gain on disposal of non-current assets resulted from damage or obsolescence	43,677.64	13,329.73	43,677.64
Government subsidies	17,363,929.82	45,252,629.88	17,363,929.82
Penalty revenue	960,108.23	637,278.42	960,108.23
Debt repayment revenue	4,802,980.68	3,496,127.09	4,802,980.68
Default revenue	580,050.61	1,979,261.16	580,050.61
Negative goodwill	122,148.00	-	122,148.00
Insurance compensation	737,673.69	3,357,406.48	737,673.69
Other	3,805,952.59	3,300,689.57	3,805,952.59
Total	28,416,521.26	58,036,722.33	28,416,521.26

(2) Government Subsidies through Profit or Loss

Subsidy	2017	2016	Associated with assets/income
Fiscal appropriations	-	8,463,688.37	Assets
Fiscal appropriations	16,156,056.08	28,635,219.64	Income
Tax rebates	-	107,092.82	Income
Fiscal discount	-	1,280,111.00	Income
Land-related subsidies	-	1,428,007.35	Assets
Other subsidies	1,207,873.74	5,338,510.70	Income
Total	17,363,929.82	45,252,629.88	—

53. Non-Operating Loss

Item	2017	2016	Amount charged to non-operating gains and losses of 2017
Loss on disposal of non-current assets resulted from damage or obsolescence	15,215,193.59	7,898,338.88	15,215,193.59
Donations	3,052,507.97	1,167,504.46	3,052,507.97
Loss on disposal of current assets resulted from obsolescence	509,541.40	880,237.70	509,541.40
Extraordinary losses	18,801.21	5,523,590.89	18,801.21
Other	3,423,169.71	2,584,435.38	3,423,169.71
Total	22,219,213.88	18,054,107.31	22,219,213.88

54. Income Tax Expense

(1) Information about Income Tax Expense

Item	2017	2016
Current income tax expense	268,950,157.52	185,811,417.64
Deferred income tax expense	-13,345,228.55	-14,413,387.20
Total	255,604,928.97	171,398,030.44

(2) Calculation of Income Tax Expense Based on Accounting Income

Item	2017
Pretax income	1,482,064,642.54
Income tax expense calculated at statutory/applicable tax rate	370,516,160.62
Effect of different tax rates applicable to subsidiaries	-94,231,402.26
Effect of income tax annual filing for prior periods	-4,347,289.36
Effect of income not subject to tax	-5,484,904.62
Effect of costs, expenses and losses not deductible for tax purposes	10,820,801.22
Effect of deductible losses for which no deferred income tax asset was recognized in prior years	-6,470,407.87

Item	2017
Effect of deductible temporary differences or deductible losses for which no deferred income tax asset was recognized in Current Period	1,768,077.81
Changes in opening balance of deferred income tax assets/liabilities incurred by tax rate adjustments	-2,175,574.12
Effect of over-deduction	-14,790,532.45
Income tax expense	255,604,928.97

55. Notes to Cash Flow Statement

(1) Cash Generated by Other Operating Activities

Item	2017	2016
Proceeds from settled operating current accounts	51,068,630.89	19,668,658.62
Fiscal subsidies	52,025,697.03	42,677,670.53
Interest revenue on deposits	15,769,534.30	12,326,389.26
Other	3,741,697.93	3,272,679.61
Total	122,605,560.15	77,945,398.02

(2) Cash Used in Other Operating Activities

Item	2017	2016
Payments for settled operating current accounts	67,254,578.73	53,585,501.92
Payments for other expense	917,480,342.92	497,929,082.64
Total	984,734,921.65	551,514,584.56

(3) Cash Generated by Other Investing Activities

Item	2017	2016
Government's land-related subsidies received	-	961,704.00

Subsidies received for R&D programs	8,476,759.52	4,706,024.34
Total	8,476,759.52	5,667,728.34

(4) Cash Generated by Other Financing Activities

Item	2017	2016
Deposits for notes, loans and letters of credit	6,280,000.00	35,096,400.00
Total	6,280,000.00	35,096,400.00

(5) Cash Used in Other Financing Activities

Item	2017	2016
Deposits for notes, loans and letters of credit	17,670,911.00	6,280,000.00
Dividend expense	553,530.00	625,239.04
Repurchase of restricted stock	28,391,841.75	3,721,928.00
Total	46,616,282.75	10,627,167.04

56. Supplementary Information to Cash Flow Statement

(1) Supplementary Information to Cash Flow Statement

Supplementary information	2017	2016
1. Reconciliation of net income to net cash flows from operating activities:		
Net income	1,226,459,713.57	872,580,254.18
Add: Allowance for asset impairments	45,468,955.72	19,195,235.31
Depreciation of property, plant and equipment and productive living assets	352,975,962.58	367,147,696.05
Amortization of intangible assets	40,323,286.70	32,902,731.57
Amortization of long-term prepaid expense	31,345,813.24	18,855,231.32
Loss on disposal of property, plant and equipment, intangible assets and other long-lived assets ("-" for income)	-6,037,071.03	-1,310,060.55
Loss on scrapped property, plant and equipment ("-" for income)	14,660,040.46	7,801,810.53

Supplementary information	2017	2016
Loss on scrapped productive living assets (“-” for income)	511,475.49	-1,990,349.60
Loss on changes in fair value (“-” for income)	32,550,170.35	-26,088,100.00
Financial expenses (“-” for income)	99,494,927.21	76,115,751.95
Investment loss (“-” for income)	-174,653,719.01	-55,176,421.39
Decrease in deferred income tax assets (“-” for increase)	-72,208,063.42	-98,599,984.76
Increase in deferred income tax liabilities (“-” for decrease)	43,050,335.23	11,428,495.98
Decrease in inventories (“-” for increase)	-1,342,398,064.02	-439,291,918.41
Decrease in operating receivables (“-” for increase)	50,329,678.90	1,163,023,359.05
Increase in operating payables (“-” for decrease)	104,601,802.59	-804,731,041.95
Equity incentive expense	38,176,351.21	2,866,817.80
Other	9,569,860.08	-2,574,959.35
Net cash flows from operating activities	494,221,455.85	1,142,154,547.73
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	1,374,275,559.37	1,537,093,788.38
Less: Opening balance of cash	1,537,093,788.38	1,131,653,746.73
Add: Closing balance of cash equivalents	-	-
Less: Opening balance of cash equivalents	-	-
Net increase in cash and cash equivalents	-162,818,229.01	405,440,041.65

(2) Net Cash Payments for Acquisition of Subsidies in Current Period

Item	2017
Cash or cash equivalents paid in Current Period for business combinations incurred in Current Period	151,352,813.18
Including: Guigang Donghuang	3,801,602.70
Liyang Jiuhe	64,043,700.00
Shandong Daxin	83,507,510.48
Hunan Jinhuilong	-
Hubei Qixin Aquaculture Co., Ltd.	-
Less: Cash and cash equivalents held by the subsidiaries on acquisition dates	37,890,906.48
Including: Guigang Donghuang	3.15
Liyang Jiuhe	7,206,434.79
Shandong Daxin	10,551,131.16
Hunan Jinhuilong	20,133,337.38
Hubei Qixin Aquaculture Co., Ltd.	-
Add: Cash or cash equivalents paid in Current Period for business combinations incurred in prior periods	-
Net cash payments for acquisition of subsidies	113,461,906.70

(3) Net Cash Proceeds from Disposal of Subsidiaries in Current Period

Item	2017
Cash or cash equivalents received in Current Period for disposal of subsidiaries incurred in Current Period	958,489.00
Including: 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	-

Item	2017
Including: 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	958,489.00

(4) Composition of Cash and Cash Equivalents

Item	December 31, 2017	December 31, 2016
1. Cash	1,374,275,559.37	1,537,093,788.38
Including: Cash on hand	4,118,236.03	4,828,620.14
Cash at bank that can be readily drawn on demand	1,313,924,748.67	1,496,886,001.21
Other cash balances that can be readily drawn on demand	56,232,574.67	35,379,167.03
2. Cash equivalents	-	-
3. Closing balance of cash and cash equivalents	1,374,275,559.37	1,537,093,788.38
Including: Cash and cash equivalents of the parent company and subsidiaries within the Group with use restrictions	-	-

57. Assets with Restricted Ownership or Use Rights

Item	December 31, 2017	Reason for restriction
Monetary assets	17,770,880.96	Security deposits for letters of credit
Total	17,770,880.96	—

58. 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			285,831,964.10
Including: HKD	328,894.53	0.8359	274,929.34
MYR	1,378,503.50	1.6071	2,215,388.76

Item	Closing foreign currency balance	Exchange rate	Closing RMB balance
INR	343,695,381.68	0.1020	35,046,416.40
IDR	387,351,571.77	0.0005	186,881.72
USD	18,575,051.19	6.5342	121,404,728.21
EUR	261,820.15	7.8023	2,025,835.96
SGD	1,460.87	4.8831	7,133.58
VND	433,309,785,406.47	0.0003	124,670,650.13
Notes receivable			4,739,110.06
Including: INR	46,475,800.00	0.1020	4,739,110.06
Accounts receivable			111,326,017.65
Including: MYR	5,306,241.59	1.6071	8,527,644.62
INR	20,054,178.55	0.1020	2,044,912.82
USD	1,006,795.03	6.5342	6,627,019.53
VND	324,573,933,376.50	0.0003	94,126,440.68
Interest receivable			828,640.59
Including: VND	2,880,052,979.00	0.0003	828,640.59
Other receivables			8,884,896.58
Including: MYR	43,640.58	1.6071	70,134.63
INR	14,515,654.97	0.1020	1,480,152.81
IDR	11,530,166.00	0.0005	5,562.83
USD	463,591.07	6.5342	3,030,059.81
VND	14,941,712,000.53	0.0003	4,298,986.50
Long-term receivables			1,975,871.53
Including: INR	18,214,600.00	0.1020	1,857,332.07
VND	412,000,000.00	0.0003	118,539.46
Short-term borrowings			1,071,064,376.77
Including: MYR	2,023,750.00	1.6071	3,252,362.43
USD	72,926,820.00	6.5342	476,518,427.24

Item	Closing foreign currency balance	Exchange rate	Closing RMB balance
EUR	34,380,000.00	7.8023	268,243,074.00
VND	1,116,036,170,453.72	0.0003	323,050,513.10
Accounts payable			66,056,397.35
Including: MYR	45,242.25	1.6071	72,708.68
INR	6,177,574.50	0.1020	629,923.65
USD	1,227,308.80	6.5342	8,019,481.16
VND	197,901,079,848.05	0.0003	57,334,283.86
Payroll payable			18,960,909.37
Including: MYR	231,379.74	1.6071	371,849.67
INR	7,251,492.00	0.1020	739,430.38
IDR	143,984,404.76	0.0005	69,466.75
USD	497,640.11	6.5342	3,251,680.01
VND	50,495,715,329.24	0.0003	14,528,482.56
Taxes payable			8,127,716.66
Including: INR	3,913,929.17	0.1020	399,101.06
IDR	16,570,442.00	0.0005	7,994.58
USD	9,452.66	6.5342	61,765.57
VND	26,619,392,834.00	0.0003	7,658,855.45
Interest payable			619,977.34
Including: USD	24,794.66	6.5342	162,013.27
VND	1,589,530,861.91	0.0003	457,964.07
Other payables			11,024,013.35
Including: MYR	121,500.79	1.6071	195,263.55
INR	42,006,814.00	0.1020	4,283,410.17
IDR	33,970,823.62	0.0005	16,389.60
USD	130,120.00	6.5342	850,230.09
VND	19,737,162,755.00	0.0003	5,678,719.94

(2) Overseas Business Entities

Name of business entity	Principal place of business	Recording currency	Basis for determination of recording currency
Haid International	Hong Kong	USD	A major local currency
Haida HK	Hong Kong	USD	A major local currency
Rickworth	Hong Kong	USD	A major local currency
Hong Kong Longgreat	Hong Kong	USD	A major local currency
Dong Nai Vietnam	Dong Nai Vietnam	VND	A major local currency
Danci	Hong Kong	USD	A major local currency
Panasia Trading	Hong Kong	USD	A major local currency
Sheng Long International	Hong Kong	USD	A major local currency
Sheng Long Bio-Tech	Long An, Vietnam	VND	A major local currency
Long Sheng International	Khanh Hoa, Vietnam	VND	A major local currency
Hisenor International	Hong Kong	USD	A major local currency
Hisenor Vietnam	Ninh Thuan, Vietnam	VND	A major local currency
Sheng Long Bio-Tech (Malaysia)	Malaysia	MYR	A major local currency
Nano	Hong Kong	USD	A major local currency
Oceanic	Hong Kong	USD	A major local currency
Power Spring	Hong Kong	USD	A major local currency
Link	Hong Kong	USD	A major local currency
Lanking	Singapore	USD	A major local currency
Lanking America	The U.S.	USD	A major local currency
Lanking Singapore	Singapore	USD	A major local currency
Sheng Long Bio-Tech (India)	India	INR	A major local currency
Lanking Rickworth	Singapore	USD	A major local currency
Lanking Nano	Singapore	USD	A major local currency
Hai Duong Haid	Hai Duong, Vietnam	VND	A major local currency
Kinghill Holdings	Singapore	USD	A major local currency

Name of business entity	Principal place of business	Recording currency	Basis for determination of recording currency
Kinghill	Singapore	USD	A major local currency
Kinghill Resources	Singapore	USD	A major local currency
Kinghill Agri	Singapore	USD	A major local currency
Haida Indonesia	Indonesia	IDR	A major local currency
Haidai Co., Ltd.	Vietnam	VND	A major local currency
Haid Ecuador	Ecuador	USD	A major local currency

59. Government Subsidies

(1) Government Subsidies Recognized in Current Period

Title of subsidy	Type of subsidy	Amount	Recognized in
Fiscal appropriations	Associated with assets	8,024,491.52	Deferred income
Fiscal appropriations	Associated with income	16,033,000.00	Deferred income
Land-related subsidiaries	Associated with assets	452,268.00	Deferred income
Fiscal discounts	Associated with income	966,667.00	Financial expenses
Fiscal appropriations	Associated with assets	5,035,354.12	Other income
Fiscal appropriations	Associated with income	33,728,659.24	Other income
Tax rebates	Associated with income	913,724.72	Other income
Land-related subsidiaries	Associated with assets	1,427,785.80	Other income
Other subsidies	Associated with income	289,836.00	Other income
Fiscal appropriations	Associated with income	16,156,056.08	Non-operating gain
Other subsidies	Associated with income	1,207,873.74	Non-operating gain
Total	—	84,235,716.22	—

(2) Government Subsidies through Profit or Loss

Title of subsidy	Type of subsidy	Amount	Recognized in
Fiscal discounts	Associated with income	966,667.00	Financial expenses

Title of subsidy	Type of subsidy	Amount	Recognized in
Fiscal appropriations	Associated with assets	5,035,354.12	Other income
Fiscal appropriations	Associated with income	33,728,659.24	Other income
Tax rebates	Associated with income	913,724.72	Other income
Land-related subsidiaries	Associated with assets	1,427,785.80	Other income
Other subsidies	Associated with income	289,836.00	Other income
Fiscal appropriations	Associated with income	16,156,056.08	Non-operating gain
Other subsidies	Associated with income	1,207,873.74	Non-operating gain
Total	——	59,725,956.70	——

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”.

(3) Government Subsidies Taken back in Reporting Period

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	% interest acquired	Acquisition method	Acquisition date	Basis for determination of acquisition date	Revenue of acquire from acquisition date to period-end	Net income of acquire from acquisition date to period-end
Shandong Daxin (note 3)	December 31, 2017	286.4317 million	60.00	Purchase	December 31, 2017	Date when control over acquiree was obtained	-	-
Liyang Jiuhe	July 10, 2017	64.0437 million	80.00	Purchase	July 10, 2017	Date when control over acquiree was obtained	369,825,207.36	13,076,898.98
Guigang Donghuang	November 3, 2017	4,224,003	100.00	Purchase	November 3, 2017	Date when control over	-	-393,852.32

						acquire was obtained		
Hunan Jinhuilong	December 31, 2017	31.62 million	51.00	Increase in investment	December 31, 2017	Date when control over acquire was obtained	-	-
Hubei Qixin Aquaculture Co., Ltd.	December 31, 2017	1.00	100.00	Absorption through combination	December 31, 2017	Date when ownership of corresponding assets was transferred	-	-

2. Costs of Combination and Goodwill

Costs of combination	Shandong Daxin (note 3)	Liyang Jiuhe	Guigang Donghuang	Hunan Jinhuilong	Hubei Qixin Aquaculture Co., Ltd.
Cash	83,507,510.48	64,043,700.00	3,801,602.70	-	1.00
Fair value of debt issued or borne	202,924,208.98	-	422,400.30	31,620,000.00	-

Costs of combination	Shandong Daxin (note 3)	Liyang Jiuhe	Guigang Donghuang	Hunan Jinhuilong	Hubei Qixin Aquaculture Co., Ltd.
Total costs of combination	286,431,719.46	64,043,700.00	4,224,003.00	31,620,000.00	1.00
Less: Share of fair value of identifiable net assets obtained	170,529,683.26	64,080,125.29	4,309,725.71	29,219,524.36	1.00
Amount by which goodwill/costs of combination were lower than share of fair value of identifiable net assets obtained	115,902,036.20	-36,425.29	-85,722.71	2,400,475.64	-

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.

Note 3: In the Current Period, the Company acquired the equity interests in Shandong Daxin (not under common control with the Company) at a price of RMB 298,776,000.00. After the price being discounted according to the payment terms and time of payment stated in the relevant equity transfer agreement, the cost of combination stood at RMB 286,431,719.46.

3. Identifiable Assets and Liabilities of Acquirees at Acquisition Dates

Item	Shandong Daxin		Liyang Jiuhe		Guigang Donghuang		Hunan Jinhuilong		Hubei Qixin Aquaculture Co., Ltd.	
	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

Item	Shandong Daxin		Liyang Jiuhe		Guigang Donghuang		Hunan Jinhuilong		Hubei Qixin Aquaculture Co., Ltd.	
	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:	392,194,161.73	292,018,903.86	150,791,601.95	74,434,259.85	6,085,722.71	6,085,722.71	106,655,745.98	106,655,745.98	14,629,900.11	6,750,848.25
Monetary assets	10,551,131.16	10,551,131.16	7,206,434.79	7,206,434.79	3.15	3.15	20,133,337.38	20,133,337.38	-	-
Notes receivable	2,050,000.00	2,050,000.00	200,000.00	200,000.00	-	-	100,000.00	100,000.00	-	-
Accounts receivable	11,904,005.52	11,904,005.52	3,476,331.74	3,476,331.74	-	-	3,138,467.04	3,138,467.04	-	-
Prepayments	1,087,716.60	1,087,716.60	13,186,133.15	13,186,133.15	3,911.56	3,911.56	2,298,660.81	2,298,660.81	-	-
Other receivables	36,758,442.33	36,758,442.33	1,053,977.44	1,053,977.44	1,800.00	1,800.00	27,156,544.38	27,156,544.38	-	-
Inventories	104,687,219.26	104,687,219.26	21,256,172.84	21,256,172.84	-	-	31,184,313.43	31,184,313.43	-	-
Other current assets	1,056,903.91	1,056,903.91	-	-	-	-	1,187,878.79	1,187,878.79	-	-
Available-for-sale financial assets	1,200,000.00	1,200,000.00	-	-	-	-	-	-	-	-
Long-term equity investments	11,963,468.03	11,963,468.03	-	-	-	-	-	-	-	-
Property, plant and equipment	86,891,268.33	63,000,102.81	24,854,592.78	22,578,578.50	53,180.00	53,180.00	5,014,449.08	5,014,449.08	14,629,900.11	6,750,848.25

Item	Shandong Daxin		Liyang Jiuhe		Guigang Donghuang		Hunan Jinhuilong		Hubei Qixin Aquaculture Co., Ltd.	
	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
Construction in progress	6,670,417.38	6,670,417.38	-	-	5,466,308.00	5,466,308.00	11,556,289.54	11,556,289.54	-	-
Intangible assets	85,070,324.36	8,786,232.01	78,839,889.03	4,758,561.21	-	-	147,227.38	147,227.38	-	-
Long-term prepaid expense	2,763,333.33	2,763,333.33	-	-	560,520.00	560,520.00	1,744,079.53	1,744,079.53	-	-
Deferred income tax assets	514,455.56	514,455.56	718,070.18	718,070.18	-	-	2,294,498.62	2,294,498.62	-	-
Other non-current assets	25,124,913.25	25,124,913.25	-	-	-	-	-	-	-	-
Productive living assets	3,900,562.71	3,900,562.71	-	-	-	-	-	-	-	-
Available-for-sale financial assets	-	-	-	-	-	-	700,000.00	700,000.00	-	-
Liabilities:	107,978,022.96	82,934,208.49	70,691,445.34	51,602,109.81	1,775,997.00	1,775,997.00	24,615,228.09	24,615,228.09	14,629,899.11	14,629,899.11
Borrowings	-	-	-	-	-	-	-	-	-	-
Accounts payable	48,196,739.67	48,196,739.67	11,844,830.98	11,844,830.98	1,775,997.00	1,775,997.00	14,865,214.55	14,865,214.55	-	-

Item	Shandong Daxin		Liyang Jiuhe		Guigang Donghuang		Hunan Jinhuilong		Hubei Qixin Aquaculture Co., Ltd.	
	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
Advances from customers	14,697,855.67	14,697,855.67	37,655,957.03	37,655,957.03	-	-	2,398,354.06	2,398,354.06	-	-
Payroll payable	7,939,472.41	7,939,472.41	796,983.67	796,983.67	-	-	5,072,176.51	5,072,176.51	-	-
Taxes payable	2,687,240.75	2,687,240.75	145,850.10	145,850.10	-	-	131,297.45	131,297.45	-	-
Other payables	8,813,091.19	8,813,091.19	750,199.20	750,199.20	-	-	1,499,509.98	1,499,509.98	14,629,899.11	14,629,899.11
Other current liabilities	354,808.81	354,808.81	408,288.83	408,288.83	-	-	648,675.54	648,675.54	-	-
Deferred income	244,999.99	244,999.99	-	-	-	-	-	-	-	-
Deferred income tax liabilities	25,043,814.47	-	19,089,335.53	-	-	-	-	-	-	-
									-	-
Net assets	284,216,138.77	209,084,695.37	80,100,156.61	22,832,150.04	4,309,725.71	4,309,725.71	82,040,517.89	82,040,517.89	1.00	-7,879,050.86
Less: Non-controlling interests	113,686,455.51	83,633,878.15	16,020,031.32	4,566,430.01	-	-	52,820,993.53	52,820,993.53	-	-

Item	Shandong Daxin		Liyang Jiuhe		Guigang Donghuang		Hunan Jinhuilong		Hubei Qixin Aquaculture Co., Ltd.	
	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
Net assets obtained	170,529,683.26	125,450,817.22	64,080,125.29	18,265,720.03	4,309,725.71	4,309,725.71	29,219,524.36	29,219,524.36	1.00	-7,879,050.86

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 financial statements relevant to equity disposed
Guangzhou Diliwei (note 1)	958,489.00	55%	Sale	April 30, 2017	Date when payment for equity transfer was received	-3,822,227.68

(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
Guangzhou Diliwei (note 1)	-	-	-	-	-	-

Note 1: On April 27, 2017, Haid Group signed an equity transfer agreement with Huang Qin (natural person), transferring its 55% stake in Guangzhou Diliwei to the latter. The transfer was completed when Haid Group received the payment for the transfer on April 30, 2017. As such, Guangzhou Diliwei has been deconsolidated since May 1, 2017.

(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
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Subsidiary (abbr.)	Time of incorporation	Registered capital	Place of registration	Principal place of business
Qintang Yitun	May 2017	10 million	Guigang, Guangxi Province, China	Guigang, Guangxi Province, China
Pingnan Yitun	March 2017	10 million	Pingnan, Guangxi Province, China	Pingnan, Guangxi Province, China
Pingguo Yitun	May 2017	10 million	Pingguo, Guangxi Province, China	Pingguo, Guangxi Province, China
Guiping Yitun	May 2017	10 million	Guiping, Guangxi Province, China	Guiping, Guangxi Province, China
Hengyang Yitun	May 2017	10 million	Hengyang, Hunan Province, China	Hengyang, Hunan Province, China
Hengshan Yitun	June 2017	10 million	Hengyang, Hunan Province, China	Hengyang, Hunan Province, China
Gangbei Yitun	June 2017	10 million	Guigang, Guangxi Province, China	Guigang, Guangxi Province, China
Duyun Yitun	July 2017	83.33 million	Duyun, Guizhou Province, China	Duyun, Guizhou Province, China
Rongjiang Yitun	July 2017	10 million	Rongjiang, Guizhou Province, China	Rongjiang, Guizhou Province, China
Binyang Yitun	July 2017	1 million	Binyang, Guangxi Province, China	Binyang, Guangxi Province, China
Yicheng Yitun	August 2017	10 million	Yicheng, Hubei Province, China	Yicheng, Hubei Province, China
Shaanxi Haid	July 2017	20 million	Yangling, Shaanxi Province, China	Yangling, Shaanxi Province, China

Subsidiary (abbr.)	Time of incorporation	Registered capital	Place of registration	Principal place of business
Lanzhou Haid	July 2017	5 million	Lanzhou, Gansu Province, China	Lanzhou, Gansu Province, China
Yangling Haid	July 2017	5 million	Yangling, Shaanxi Province, China	Yangling, Shaanxi Province, China
Anyang Haiyue	September 2017	1 million	Tangyin, Henan Province, China	Tangyin, Henan Province, China
Shaoxing Haid	September 2017	5 million	Shaoxing, Zhejiang Province, China	Shaoxing, Zhejiang Province, China
Kinghill Holdings	June 2017	USD500	Singapore	Singapore
Kinghill	June 2017	USD10	Singapore	Singapore
Kinghill Resources	June 2017	USD10	Singapore	Singapore
Kinghill Agri	June 2017	USD10	Singapore	Singapore
Haida Indonesia	September 2017	USD10 million	Indonesia	Indonesia
Guangzhou Youju	January 2017	5 million	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China
Jiangxi Youju	January 2017	10 million	Nanchang, Jiangxi Province, China	Nanchang, Jiangxi Province, China
Guangzhou Cangyouliang	March 2017	2 million	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China
Guangzhou Zhongcangsheng	March 2017	10 million	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China

Subsidiary (abbr.)	Time of incorporation	Registered capital	Place of registration	Principal place of business
Zhangzhou Hairong	July 2017	5 million	Zhangzhou, Fujian Province, China	Zhangzhou, Fujian Province, China
Shandong Fengying	May 2017	10 million	Heze, Shandong Province, China	Heze, Shandong Province, China
Jiaxiang Haiying	April 2017	3 million	Jining, Shandong Province, China	Jining, Shandong Province, China
Tengzhou Fengcheng	September 2017	3 million	Zaozhuang, Shandong Province, China	Zaozhuang, Shandong Province, China
Binzhou Haiding	November 2017	3 million	Binzhou, Shandong Province, China	Binzhou, Shandong Province, China
Henai Haihe	June 2017	10 million	Luoyang, Henan Province, China	Luoyang, Henan Province, China
Xuchang Haihe	July 2017	3 million	Luoyang, Henan Province, China	Luoyang, Henan Province, China
Anyang Haihe	July 2017	5 million	Tangyin, Henan Province, China	Tangyin, Henan Province, China
Jiyuan Haihe	September 2017	4 million	Jiyuan, Henan Province, China	Jiyuan, Henan Province, China
Haid Ecuador	August 2017	USD100,000	Ecuador	Ecuador
Xuzhou Haid	February 2017	2 million	Xuzhou, Jiangsu Province, China	Xuzhou, Jiangsu Province, China
Haid Pet	July 2017	50 million	Weihai, Shandong Province, China	Weihai, Shandong Province, China

Subsidiary (abbr.)	Time of incorporation	Registered capital	Place of registration	Principal place of business
Weihai Pet	July 2017	10 million	Rongcheng, Shandong Province, China	Rongcheng, Shandong Province, China
Qujing Zhihai	January 2017	2 million	Qujing, Yunnan Province, China	Qujing, Yunnan Province, China
Yibin Zhihai	January 2017	2 million	Yibin, Sichuan Province, China	Yibin, Sichuan Province, China
Guiyang Zhihai	October 2017	3 million	Guiyang, Guizhou Province, China	Guiyang, Guizhou Province, China
Ganzhou Haid	April 2017	4.5 million	Ganzhou, Jiangxi Province, China	Ganzhou, Jiangxi Province, China
Foshan Haid	July 2017	5 million	Foshan, Guangdong Province, China	Foshan, Guangdong Province, China
Guangzhou Zecan	July 2017	2 million	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China
Guangzhou Punong	May 2017	2 million	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China
Guangzhou Yuannong	April 2017	2 million	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China
Haid Poverty Alleviation	August 2017	100 million	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China

Subsidiary (abbr.)	Time of incorporation	Registered capital	Place of registration	Principal place of business
Shaoguan Haid	March 2017	5 million	Shaoguan, Guangdong Province, China	Shaoguan, Guangdong Province, China
Huanan Hailong	November 2017	5 million	Huaian, Jiangsu Province, China	Huaian, Jiangsu Province, China
Linxi Haiying	November 2017	3 million	Xingtai, Hebei Province, China	Xingtai, Hebei Province, China
Zhaoqing Gaoyao Haid	October 2017	5 million	Gaoyao, Zhaoqing, Guangdong Province, China	Gaoyao, Zhaoqing, Guangdong Province, China
Zixing Yitun	December 2017	10 million	Chenzhou, Hunan Province, China	Chenzhou, Hunan Province, China
Changning Yitun	December 2017	10 million	Hengyang, Hunan Province, China	Hengyang, Hunan Province, China
Haidai Co., Ltd.	December 2017	VND8 billion	Ecuador	Ecuador
Heze Hairong Association	December 2017	1 million	Heze, Shandong Province, China	Heze, Shandong Province, China
Dali Haiwang	December 2017	3 million	Dali, Yunnan Province, China	Dali, Yunnan Province, China
Fuzhou Haid	December 2017	5 million	Fuzhou, Fujian Province, China	Fuzhou, Fujian Province, China

2. Subsidiaries Deregistered in Current Period

Subsidiary	Abbr.	Date of deregistration with industrial and commercial administration
Hebi Haiding Feed Co., Ltd.	Hebi Haiding	February 15, 2017

Subsidiary	Abbr.	Date of deregistration with industrial and commercial administration
Baoding Haid Feed Co., Ltd.	Baoding Haid	June 28, 2017
Jiangxi Youju Trading Co., Ltd.	Jiangxi Youju	October 30, 2017
Gaozhou Weihe Liancheng Feed Co., Ltd.	Gaozhou Weihe	November 7, 2017
Dongyuan Hailong Ronghe Feed Research Co., Ltd.	Dongyuan Hailong	December 1, 2017

Note: Gaozhou Weihe was deregistered with the industrial and commercial administration on November 7, 2017 because the Company's subsidiary Gaozhou Sanhe absorbed it, with Gaozhou Weihe's assets and liabilities all transferred to Gaozhou Sanhe.

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	% equity held by the Company		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

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	% equity held by the Company		How subsidiary was obtained
				Direct	Indirect	
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		85	Incorporated
Hunan Yitun (note 3)	Yueyang, Hunan Province, China	Yueyang, Hunan Province, China	Production and Sale		86	Incorporated
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 (note 1)	Pingnan, Guangxi Province, China	Pingnan, Guangxi Province, China	Production and Sale		100	Incorporated
Pingguo Yitun (note 1)	Pingguo, Guangxi Province, China	Pingguo, Guangxi Province, China	Production and Sale		100	Incorporated

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	% equity held by the Company		How subsidiary was obtained
				Direct	Indirect	
Guiping Yitun (note 1)	Guiping, Guangxi Province, China	Guiping, Guangxi Province, China	Production and Sale		100	Incorporated
Hengyang Yitun (note 1)	Hengyang, Hunan Province, China	Hengyang, Hunan Province, China	Production and Sale		100	Incorporated
Hengshan Yitun (note 1)	Hengyang, Hunan Province, China	Hengyang, Hunan Province, China	Production and Sale		100	Incorporated
Gangbei Yitun (note 1)	Guigang, Guangxi Province, China	Guigang, Guangxi Province, China	Production and Sale		100	Incorporated
Duyun Yitun (note 1)	Duyun, Guizhou Province, China	Duyun, Guizhou Province, China	Production and Sale		100	Incorporated
Rongjiang Yitun (note 1)	Rongjiang, Guizhou Province, China	Rongjiang, Guizhou Province, China	Production and Sale		100	Incorporated
Binyang Yitun (note 1)	Binyang, Guangxi Province, China	Binyang, Guangxi Province, China	Production and Sale		100	Incorporated
Yicheng Yitun (note 1)	Yicheng, Hubei Province, China	Yicheng, Hubei Province, China	Production and Sale		100	Incorporated
Zixing Yitun (note 1)	Chenzhou, Hunan Province, China	Chenzhou, Hunan Province, China	Production and Sale		100	Incorporated
Changning Yitun (note 1)	Hengyang, Hunan Province, China	Hengyang, Hunan Province, China	Production and Sale		100	Incorporated

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	% equity held by the Company		How subsidiary was obtained
				Direct	Indirect	
Guigang Donghuang (note 1)	Guigang, Guangxi Province, China	Guigang, Guangxi Province, China	Production and Sale	100		In a business combination involving enterprises not under common control
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
Panyu 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
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

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	% equity held by the Company		How subsidiary was obtained
				Direct	Indirect	
Guangzhou Haiyiyuan	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Sale		100	Incorporated
Shaanxi Haid (note 1)	Yangling, Shaanxi Province, China	Yangling, Shaanxi Province, China	Production and Sale	67		Incorporated
Lanzhou Haid (note 1)	Lanzhou, Gansu Province, China	Lanzhou, Gansu Province, China	Production and Sale		100	Incorporated
Yangling Haid (note 1)	Yangling, Shaanxi Province, China	Yangling, 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
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 (note 1)	Tangyin, Henan Province, China	Tangyin, Henan Province, China	Management consulting		100	Incorporated

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	% equity held by the Company		How subsidiary was obtained
				Direct	Indirect	
Foshan Haipu	Foshan, Guangdong Province, China	Foshan, Guangdong Province, China	Sale	87.5		Incorporated
Qingyuan Happy	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
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

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	% equity held by the Company		How subsidiary was obtained
				Direct	Indirect	
Zhejiang Haid	Shaoxing, Zhejiang Province, China	Shaoxing, Zhejiang Province, China	Production and Sale	100		Incorporated
Shaoxing Haid (note 1)	Shaoxing, Zhejiang Province, China	Shaoxing, Zhejiang Province, China	Production and Sale		100	Incorporated
Guangxi Haid	Qinzhou, Guangxi Province, China	Qinzhou, Guangxi Province, China	Production and Sale	100		Incorporated
Kinghill Holdings (note 1)	Singapore	Singapore	Investment	100		Incorporated
Kinghill (note 1)	Singapore	Singapore	Investment		100	Incorporated
Kinghill Resources (note 1)	Singapore	Singapore	Investment		100	Incorporated
Kinghill Agri (note 1)	Singapore	Singapore	Investment		100	Incorporated
Haida Indonesia (note 1)	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

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	% equity held by the Company		How subsidiary was obtained
				Direct	Indirect	
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 Haidun	Nanping, Fujian Province, China	Nanping, Fujian Province, China	Production and Sale		50	Incorporated
Pucheng Haidun	Pucheng, Fujian Province, China	Pucheng, Fujian Province, China	Production and Sale		50	Incorporated
Xiyu Haihua	Urumqi, Xinjiang Autonomous Region, China	Urumqi, Xinjiang Autonomous Region, China	Trading		51	Incorporated
Guangzhou Youju (note 1)	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Trading		51	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
Jieyang Haid	Jieyang, Guangdong Province, China	Jieyang, Guangdong Province, China	Production and Sale		100	Incorporated

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	% equity held by the Company		How subsidiary was obtained
				Direct	Indirect	
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 Longgreat	Hong Kong	Hong Kong	Trading		100	Incorporated
Dong Nai Vietnam	Dong Nai, Vietnam	Vietnam	Production and Sale		100	Incorporated
Danci	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
Long Sheng International	Khanh Hoa, Vietnam	Khanh Hoa, 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	% equity held by the Company		How subsidiary was obtained
				Direct	Indirect	
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
Sheng Long Bio-Tech (Malaysia)	Malaysia	Malaysia	Trading		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
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
Changzhou Gude	Liyang, Jiangsu Province, China	Liyang, Jiangsu Province, China	Production and Sale	62		Incorporated

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	% equity held by the Company		How subsidiary was obtained
				Direct	Indirect	
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
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 Longgreat	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

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	% equity held by the Company		How subsidiary was obtained
				Direct	Indirect	
Lanking Singapore	Singapore	Singapore	Investment		80	Incorporated
Sheng Long Bio-Tech (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
Haidai Co., Ltd. (note 1)	Ecuador	Ecuador	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
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
Guangzhou Changsheng	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Transport service and trading	100		Incorporated
Guangzhou Cangyouliang (note 1)	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Trading		100	Incorporated
Guangzhou Zhongcangsheng (note 1)	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Trading		51	Incorporated

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	% equity held by the Company		How subsidiary was obtained
				Direct	Indirect	
Guangzhou Danong	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Investment	100		Incorporated
Dingtao Hairong (note 5)	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 (note 1)	Zhangzhou, Fujian Province, China	Zhangzhou, Fujian Province, China	Management consulting		90	Incorporated
Shandong Fengying (note 1)	Qufu, Shandong Province, China	Qufu, Shandong Province, China	Production and Sale		66	Incorporated
Jiaxiang Haiying (note 1)	Jining, Shandong Province, China	Jining, Shandong Province, China	Production and Sale		90	Incorporated
Linxi Haiying (note 1)	Xingtai, Hebei Province, China	Xingtai, Hebei Province, China	Slaughtering service		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

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	% equity held by the Company		How subsidiary was obtained
				Direct	Indirect	
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	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
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 Technology	Heze, Shandong Province, China	Heze, Shandong Province, China	Production and Sale		100	Incorporated

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	% equity held by the Company		How subsidiary was obtained
				Direct	Indirect	
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 Haiding Food	Dongge, Shandong Province, China	Dongge, Shandong Province, China	Production and Sale		100	Incorporated
Qufu Haiding	Qufu, Shandong Province, China	Qufu, Shandong Province, China	Sale		92	Incorporated
Tengzhou Fengcheng (note 1)	Zaozhuang, Shandong Province, China	Zaozhuang, Shandong Province, China	Production and Sale		100	Incorporated
Binzhou Haiding (note 1)	Binzhou, Shandong Province, China	Binzhou, Shandong Province, China	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

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	% equity held by the Company		How subsidiary was obtained
				Direct	Indirect	
Kaifeng Haid	Kaifeng, Henan Province, China	Kaifeng, Henan Province, China	Production and Sale	100		In a business combination involving enterprises not under common control
Heshengtang Biotechnology (note 6)	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Production and Sale	100		In a business combination involving enterprises not under common control
Heshengtang Pharmaceutical (note 7)	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Production and Sale	100		In a business combination involving enterprises not under common control
Livestock 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 (note 1)	Luoyang, Henan Province, China	Luoyang, Henan Province, China	Production and Sale	67		Incorporated
Xuchang Haihe (note 1)	Yuzhou, Henan Province, China	Yuzhou, Henan Province, China	Production and Sale		100	Incorporated
Anyang Haihe (note 1)	Tangyin, Henan Province, China	Tangyin, Henan Province, China	Production and Sale		100	Incorporated
Jiyuan Haihe (note 1)	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

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	% equity held by the Company		How subsidiary was obtained
				Direct	Indirect	
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 (note 1)	Ecuador	Ecuador	Production and Sale		85	Incorporated
Guangdong Hairuite	Qingyuan, Guangdong Province, China	Qingyuan, Guangdong Province, China	Sale	65		Incorporated
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	Zhaoqing, Guangdong Province, China	Zhaoqing, Guangdong Province, China	Production and Sale		51	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

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	% equity held by the Company		How subsidiary was obtained
				Direct	Indirect	
Hunan Innovative	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
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
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

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	% equity held by the Company		How subsidiary was obtained
				Direct	Indirect	
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
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 (note 1)	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	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Factoring	100		Incorporated
Heze Hairong Association (note 1 and 8)	Heze, Shandong Province, China	Heze, Shandong Province, China	Management consulting		20	Incorporated
Haid Pet (note 1)	Weihai, Shandong Province, China	Weihai, Shandong Province, China	Production and Sale	100		Incorporated

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	% equity held by the Company		How subsidiary was obtained
				Direct	Indirect	
Weihai Pet (note 1)	Rongcheng, Shandong Province, China	Rongcheng, Shandong Province, China	Production and Sale		100	Incorporated
Qujing Zhihai (note 1)	Qujing, Yunnan Province, China	Qujing, Yunnan Province, China	Production and Sale	100		Incorporated
Dali Haiwang (note 1)	Dali, Yunnan Province, China	Dali, Yunnan Province, China	Production and Sale		70	Incorporated
Yibin Zhihai (note 1)	Yibin, Sichuan Province, China	Yibin, Sichuan Province, China	Production and Sale	100		Incorporated
Guiyang Zhihai (note 1)	Guiyang, Guizhou Province, China	Guiyang, Guizhou Province, China	Production and Sale		70	Incorporated
Ganzhou Haid (note 1)	Ganzhou, Jiangxi Province, China	Ganzhou, Jiangxi Province, China	Production and Sale	60		Incorporated
Foshan Haid (note 1)	Foshan, Guangdong Province, China	Foshan, Guangdong Province, China	Production and Sale	60		Incorporated
Guangzhou Zecan (note 1)	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Investment	100		Incorporated
Guangzhou Punong (note 1)	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Investment	100		Incorporated
Guangzhou Yuannong (note 1)	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Investment	100		Incorporated

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	% equity held by the Company		How subsidiary was obtained
				Direct	Indirect	
Haid Poverty Alleviation (note 1)	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Commercial service	100		Incorporated
Liyang Jiuhe (note 1)	Liyang, Jiangsu Province, China	Liyang, Jiangsu Province, China	Production and Sale	80		In a business combination involving enterprises not under common control
Shaoguan Haid (note 1)	Shaoguan, Guangdong Province, China	Shaoguan, Guangdong Province, China	Production and Sale	100		Incorporated
Shandong Daxin (note 1)	Qingdao, Shandong Province, China	Qingdao, Shandong Province, China	Production and Sale	60		In a business combination involving enterprises not under common control
Qingdao Daxin (note 1)	Qingdao, Shandong Province, China	Qingdao, Shandong Province, China	Production and Sale		100	In a business combination involving enterprises not under common control
Qingdao Huaxin (note 1)	Qingdao, Shandong Province, China	Qingdao, Shandong Province, China	Production and Sale		100	In a business combination involving enterprises not under common control
Weifang Daxin (note 1)	Qingzhou, Shandong Province, China	Qingzhou, Shandong Province, China	Production and Sale		100	In a business combination involving enterprises not under common control
Yantai Daxin (note 1)	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	% equity held by the Company		How subsidiary was obtained
				Direct	Indirect	
Linyi Yihe (note 1)	Tancheng, Shandong Province, China	Tancheng, Shandong Province, China	Production and Sale		100	In a business combination involving enterprises not under common control
Jiangsu Daxin (note 1)	Huaiyin, Jiangsu Province, China	Huaiyin, Jiangsu Province, China	Production and Sale		100	In a business combination involving enterprises not under common control
Daxin Agriculture and Animal Husbandry (note 1)	Weifang, Shandong Province, China	Weifang, Shandong Province, China	Production and Sale		100	In a business combination involving enterprises not under common control
Qingdao Zhizhuxia (note 1)	Qingdao, Shandong Province, China	Qingdao, Shandong Province, China	Production and Sale		100	In a business combination involving enterprises not under common control
Yantai Zhizhuren (note 1)	Yantai, Shandong Province, China	Yantai, Shandong Province, China	Production and Sale		100	In a business combination involving enterprises not under common control
Laizhou Zhizhuren (note 1)	Yantai, Shandong Province, China	Yantai, Shandong Province, China	Production and Sale		100	In a business combination involving enterprises not under common control
Huanan Hailong (note 1)	Huaian, Jiangsu Province, China	Huaian, Jiangsu Province, China	Production and Sale	100		Incorporated
Hunan Jinhuilong (note 1)	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	% equity held by the Company		How subsidiary was obtained
				Direct	Indirect	
Yueyang Jinhuilong (note 1)	Yueyang, Hunan Province, China	Yueyang, Hunan Province, China	Production and Sale		65	In a business combination involving enterprises not under common control
Jiaozuo Jinhuilong (note 1)	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 1)	Huaian, Jiangsu Province, China	Huaian, Jiangsu Province, China	Production and Sale		70	In a business combination involving enterprises not under common control
Shijiazhuang Huilong (note 1)	Shijiazhuang, Hebei Province, China	Shijiazhuang, Hebei Province, China	Production and Sale		65	In a business combination involving enterprises not under common control
Handan Huilong (note 1)	Handan, Hebei Province, China	Handan, Hebei Province, China	Production and Sale		65	In a business combination involving enterprises not under common control
Fuzhou Haid (note 1)	Fuzhou, Fujian Province, China	Fuzhou, Fujian Province, China	Production and Sale	100		Incorporated
Zhaoqing Gaoyao Haid (note 1)	Gaoyao, Zhaoqing, Guangdong Province, China	Gaoyao, Zhaoqing, Guangdong 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 the 100.00% stake in Yingde Yitun. According to a cooperation agreement between Guangzhou Yitun and Pan Qixin (natural person) on a modern comprehensive eco-agricultural development program focused on

pig farming, Pan Qixin was agreed to make an investment in Yingde Yitun with property rights (at the appraised value) as the consideration for a 15% stake in Yingde Yitun. As such, Guangzhou Yitun's holding in Yingde Yitun decreased to 85.00%. The said change in the ownership of Yingde Yitun was registered with the industrial and commercial administration in January 2017.

Note 3: Guangzhou Yitun previously held an 80.00% stake in Hunan Yitun. In October 2017, Guangzhou Yitun acquired, at the price of RMB 120,000, another 6.00% stake in Hunan Yitun from a non-controlling shareholder Zheng Feiyan (natural person). As such, Guangzhou Yitun's holding in Hunan Yitun increased to 86.00%.

Note 4: Guangzhou Haid previously held a 90.00% stake in Rongcheng Rongchuan. In September 2017, Guangzhou Haid acquired, at the price of RMB 1,102,000, another 10.00% stake in Rongcheng Rongchuan from a non-controlling shareholder Yang Jiantao (natural person). As such, Guangzhou Haid's holding in Rongcheng Rongchuan increased to 100.00%.

Note 5: Guangzhou Danong previously held an 89.91% stake in Dingtao Hairong. In December 2017, Guangzhou Danong acquired, at the price of RMB 5,000, another 0.1% stake in Dingtao Hairong from a non-controlling shareholder Xu Yingchun (natural person). As such, Guangzhou Danong's holding in Dingtao Hairong increased to 90.01%.

Note 6: Haid Group previously held a 69.97% stake in Heshengtang Biotechnology. In April 2017, Haid Group acquired the other stakes in Heshengtang Biotechnology from non-controlling shareholders Wu Donglin, Xiao Zici and Liu Yanping (natural persons). As such, Haid Group's holding in Heshengtang Biotechnology increased to 100.00%.

Note 7: Haid Group previously held a 60.0375% stake in Heshengtang Pharmaceutical. In April 2017, Haid Group acquired the other stakes in Heshengtang Pharmaceutical from non-controlling shareholders Wu Donglin and Xiao Zici (natural persons). As such, Haid Group's holding in Heshengtang Pharmaceutical increased to 100.00%.

Note 8: Heze Hairong Association was jointly incorporated by Guigang Hairong, Chengnan Hairong, Zhangzhou Hairong, Guangzhou Haiyuan, Dingtao Hairong and 20 natural persons, with every shareholder holding a stake of 4.00% and entitled to the right of one vote as stated in Heze Hairong Association's Articles of Association. With respect to decision-making in all matters of Heze Hairong Association, Guigang Hairong, Chengnan Hairong, Zhangzhou Hairong, Guangzhou Haiyuan and Dingtao Hairong was also entitled to the right of one additional vote, with their combined additional voting rights accounting for 20.00% of the total basic voting rights on Heze Hairong Association. Additionally, Guangzhou Haiyuan was entitled to a one-vote veto right over elections of the meeting of members and all resolutions of Heze Hairong Association. As such, Haid Group was considered to have actual control over Heze Hairong Association.

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	115.30	878.88	408.36
Panasia Trading	20.00	2,020.35	805.47	3,411.49
Shandong Haiding	45.00	773.58	735.30	1,390.45

3. Key Financial Information of Major Non-Wholly-Owned Subsidiaries

Subsidiary (abbr.)	December 31, 2017 (RMB '0,000)						December 31, 2016 (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	13,018.50	2,253.53	15,272.03	12,005.12	-	12,005.12	15,288.11	2,248.42	17,536.53	8,199.91	-	8,199.91
Panasia Trading	51,385.96	18,496.55	69,882.51	44,333.70	-	44,333.70	46,048.64	17,871.43	63,920.07	51,433.46	-	51,433.46
Shandong Haiding	43,466.10	17,607.82	61,073.92	56,753.23	391.93	57,145.16	27,222.25	12,751.26	39,973.51	36,185.00	394.69	36,579.69

(Continued)

Subsidiary (abbr.)	2017 (RMB '0,000)				2016 (RMB '0,000)			
	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	85,150.76	922.37	922.37	3,128.46	91,140.59	853.01	853.01	2,450.68

Subsidiary (abbr.)	2017 (RMB '0,000)				2016 (RMB '0,000)			
	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
Panasia Trading	151,700.22	10,101.75	10,110.26	977.07	128,148.89	4,430.71	4,370.10	-7,799.28
Shandong Haiding	321,508.68	1,719.07	1,719.07	3,665.06	290,062.00	3,405.96	3,405.96	4,655.42

(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	Hunan Yitun	Rongcheng Rongchuan	Dingtao Hairong	Heshengtang Biotechnology	Heshengtang Pharmaceutical
Costs of purchase					
--Cash	120,000.00	1,102,043.73	-	1,000,000.00	6,917,431.00
--Fair value of non-cash assets	-	-	5,000.00	-	-
Total costs of purchase	120,000.00	1,102,043.73	5,000.00	1,000,000.00	6,917,431.00
Less: Share of subsidiaries' net assets relevant to equity interests purchased	1,244,093.46	1,354,644.25	8,650.31	173,272.25	6,601,475.81
Difference	-1,124,093.46	-252,600.52	-3,650.31	826,727.75	315,955.19
Including: Adjustment to capital reserves	1,124,093.46	252,600.52	3,650.31	-826,727.75	-315,955.19

(2) Disposals of Partial Equity Interests in Subsidiaries

Item	Yingde Yitun
Considerations for disposal	
--Cash	-
--Fair value of non-cash assets	7,500,150.00

Total considerations for disposal	7,500,150.00
Less: Share of subsidiaries' net assets relevant to equity interests disposed	7,227,780.78
Difference	272,369.22
Including: Adjustment to capital reserves	272,369.22

(III) Interests in Associates

1. Financial Information of Insignificant Associates Combined

Item	December 31, 2017/2017	December 31, 2016/2016
Associates:		
Aggregated carrying value of investments	32,554,508.11	14,655,965.08
Aggregate of the following items calculated in proportion to shareholding		
--Net income	6,332,729.18	3,724,661.21
--Other comprehensive income	-	-
--Total comprehensive income	6,332,729.18	3,724,661.21

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	December 31, 2017	December 31, 2016
Financial assets at fair value through profit or loss	9,601,140.00	25,129,490.00
Monetary assets, accounts receivable, etc.	2,691,215,695.62	2,551,295,722.69

Item	December 31, 2017	December 31, 2016
Available-for-sale financial assets	283,721,350.00	304,326,300.00
Total	2,984,538,185.62	2,880,751,512.69

2. Financial Liabilities

Item	December 31, 2017	December 31, 2016
Financial liabilities at fair value through profit or loss	18,771,309.55	1,768,330.00
Other financial liabilities	4,087,425,205.71	2,677,171,591.95
Total	4,106,196,515.26	2,678,939,921.95

(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 December 31, 2017, 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, bond financing, business credit and other channels.

As of December 31, 2017, 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	December 31, 2017	December 31, 2016
Fixed rate contracts	Short-term	2,303,898,763.70	1,608,616,105.38
Total	—	2,303,898,763.70	1,608,616,105.38

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 December 31, 2017, the company's foreign currency monetary items were mainly US dollars, euros, Vietnamese dong, rupee, and ringgit financial assets and financial liabilities (See Notes V. 58. 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	9,601,140.00	-	-	9,601,140.00
Including: Derivative financial assets	9,601,140.00	-	-	9,601,140.00
Total assets measured at fair value on recurring basis	9,601,140.00	-	-	9,601,140.00
(2) Trading financial liabilities	18,771,309.55	-	-	18,771,309.55
Including: Derivative financial liabilities	18,771,309.55	-	-	18,771,309.55
Total liabilities measured at fair value on recurring basis	18,771,309.55	-	-	18,771,309.55

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 and technologies	30 million	57.81%	57.81%

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	December 31, 2016	Increase in Current Period	Decrease in Current Period	December 31, 2017	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	December 31, 2016		Increase in Current Period	Decrease in Current Period	December 31, 2017		Remark
	Shares	Percentage (%)			Shares	Percentage (%)	
Guangzhou Haihao	910,589,359.00	59.06	-	-	910,589,359.00	57.81	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
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Related party	Relationship with the Company
Huanghua Hairen Aquatic Farming Technology 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	2017	2016
Foshan Haihang Xingfa Agriculture and Animal Husbandry Development Co., Ltd.	Feed	29,979,248.06	21,500,643.89

Purchase of commodities from related parties:

Related party	Commodity purchased	2017	2016
Guizhou Fuhai Chemicals Co., Ltd.	Raw materials	88,499,068.63	57,251,290.29

(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 2017	Rental income recognized in 2016
Guangdong Haid Group Co., Limited	Guangzhou Haihao Investment Co., Ltd.	Houses and buildings	March 1, 2016	December 31, 2018	51,428.57	44,642.86

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	2017	2016
Key management compensation	12.8891 million	11.4697 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	December 31, 2017		December 31, 2016	
		Carrying balance	Allowance for doubtful accounts	Carrying balance	Allowance for doubtful accounts
Accounts receivable	Foshan Haihang Xingfa Agriculture and Animal Husbandry Development Co., Ltd.	-	-	2,082,961.24	104,148.06
Accounts receivable	Qingdao Hairen Aquatic Farming Technology Co., Ltd.	-	-	77,709.00	31,083.60
Prepayments	Guizhou Fuhai Chemicals Co., Ltd.	1,378,360.66	-	1,293,304.66	-

Item	Related party	December 31, 2017		December 31, 2016	
Other receivables	Qingdao Hairen Aquatic Farming Technology Co., Ltd.	-	-	1,500.00	375.00
Other receivables	Huanghua Hairen Aquatic Farming Technology Co., Ltd.	-	-	62,356.00	15,589.00

(2) Payables to Related Parties

Item	Related party	December 31, 2017	December 31, 2016
Accounts payable	Guizhou Fuhai Chemicals Co., Ltd.	3,458,083.55	1,457,953.20
Advances from customers	Foshan Haihang Xingfa Agriculture and Animal Husbandry Development Co., Ltd.	870,650.46	-
Other payables (note)	Hua Xue	150,000.00	-
Other payables (note)	Yingzhuo Xu	100,000.00	-

Note: The payables are specialized talent subsidies granted under Panyu District's Specialized Talent Program collected by the Company in December 2017 on behalf of the corresponding individuals, which have been given to them in January 2018.

XI Share-Based Payments

1. Total Share-Based Payments

Total equity instruments granted by the Company in Current Period (share)	44,681,900.00
Total equity instruments exercised in Current Period (share)	99,800.00
Total equity instruments invalidated in Current Period (share)	880,200.00
Exercise price range and contractual residual maturity of closing outstanding share options (note)	Exercise price range: RMB 7.43/share residual maturity: 14 months

Exercise price range and contractual residual maturity of closing outstanding other equity instruments (note)	<p>(1) The repurchase price for the 2015 Restricted Share Incentive Plan (《2016年限制性股票激励计划》) is RMB 3.31/share, with a residual maturity of 14 months.</p> <p>(2) The grant 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 7.48/share, with a residual maturity of 50 months.</p> <p>(3) The grant price for the 2016 Reserved Restricted Share Incentive Plan (《2016年预留限制性股票激励计划》) is RMB 10.44/share, with a residual maturity of 47 months.</p>
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Notes:

(1) The grant price for the first phase of the 2016 Restricted Share Incentive Plan (《2016年限制性股票激励计划》) was not through the ex-right process according to the 2016 annual equity distribution.

(2) On April 25, 2017, the Proposal on Adjustment to Equities under Restricted Share and Share 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期/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, among others, the Company was agreed to repurchase and cancel a total of 5,846,400 restricted shares due to unmet unlocking conditions, and to cancel 3,893,400 share options due to unmet exercise conditions. The said invalidated equities were included in the total invalidated equities in 2016. For further information, see the Company's Annual Report 2016 disclosed on <http://www.cninfo.com.cn>.

(3) On March 13, 2017, the Proposal on Granting Restricted Shares to Awardees under 2016 Restricted Share Incentive Plan was reviewed and approved at the Sixth Meeting of the Company's Fourth Board. As such, the Company was agreed to grant 40,283,200 restricted shares to 1,373 awardees, with March 13, 2017 as the first grant day.

(4) On December 8, 2017, the Proposal on Granting Reserved Restricted Shares to Awardees under 2016 Restricted Share Incentive Plan was reviewed and approved at the Eleventh Meeting of the Company's Fourth Board. As such, the Company was agreed to grant 4,398,700 restricted shares to 399 awardees, with December 8, 2017 as the grant day.

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
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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)	131,406,434.44
Accumulated recognized expense on share-based payments settled with equity (note 1)	134,452,359.43
Total recognized expense on share-based payments settled with equity in Current Period	38,176,351.21

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. 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.

(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 March 13, 2017, the Proposal on Adjustment to Equity Quantity under 2016 Restricted Share Incentive Plan (《关于调整公司2016年限制性股票激励计划权益数量的议案》) and the Proposal on Granting 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限制性股票的议案》) were reviewed and approved at the Sixth Meeting of the Company's Fourth Board. As such, the awardees for the first grant went down from 1,484 to 1,373 with the ungranted restricted shares also decreasing from 41,601,300 to 40,283,200, and the Company was agreed to grant the 40,283,200 restricted shares

to the 1,373 awardees at the price of RMB 7.48/share, with March 13, 2017 as the first grant day. The Company completed the grant and registration of the said restricted shares on March 20, 2017.

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 December 8, 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 11th Meeting of the Company's 4th Board. As such, the Company was agreed to grant 4,398,700 reserved restricted shares to 399 awardees at a price of RMB 10.44/share on December 8, 2017. As 39 of the awardees resigned, voluntarily gave up the incentive or lacked sufficient capital after the grant date, the Company actually granted 4,308,000 reserved restricted shares to 360 awardees. The Company has completed the grant and registration of the said restricted shares.

XII Contingencies

As of the end of the Reporting Period, there were no significant undisclosed contingencies that should have been disclosed.

XIII Commitments

(I) Significant Commitments

1. Capital Commitments

As of December 31, 2017, 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 December 31, 2017, 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 December 31, 2017, there were no significant external investment commitments.

4. External Financing Commitments

As of December 31, 2017, there were no significant external financing commitments.

(II) Fulfillment of Previous Commitments

No such cases as of December 31, 2017.

XIV Events after Balance Sheet Date

(I) Dividend Payout

According to the dividend payout proposal approved by the Board on April 19, 2018, 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 2.50 (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 December 31, 2017. The dividend payout plan will be implemented upon approval by a General Meeting.

(II) Other Events after Balance Sheet Date

No such cases as of the release of this Report.

XV Other Significant Events

As of December 31, 2017, there were no other significant events that would affect the Group's normal production and operation and should be disclosed.

XVI Notes to Key Items in Parent Company Financial Statements

1. Accounts Receivable

(1) Accounts Receivable by Category

Category	December 31, 2017				
	Carrying balance		Allowance for doubtful accounts		Carrying value
	Amount	Percentage (%)	Amount	Ratio (%)	

Accounts receivable with amounts that were individually significant and for which the allowance for doubtful accounts was provided on the individual basis	-	-	-	-	-
Groups of accounts receivable from external parties for which the allowance for doubtful accounts was not provided on the individual basis	-	-	-	-	-
Accounts receivable with amounts that were not individually significant but for which the allowance for doubtful accounts was provided on the individual basis	-	-	-	-	-
Total	-	-	-	-	-
Category	December 31, 2016				
	Carrying balance		Allowance for doubtful accounts		Carrying value
	Amount	Percentage (%)	Amount	Ratio (%)	
Accounts receivable with amounts that were individually significant and for which the allowance for doubtful accounts was provided on the individual basis	-	-	-	-	-
Groups of accounts receivable from external parties for which the allowance for doubtful accounts was not provided on the individual basis	2,116,637.64	64.82	568,060.22	26.84	1,548,577.42
Accounts receivable with amounts that were not individually significant but for which the allowance for doubtful accounts was provided on the individual basis	1,148,773.60	35.18	1,148,773.60	100.00	-
Total	3,265,411.24	100.00	1,716,833.82	52.58	1,548,577.42

① As of the end of the Reporting Period, there were no groups of accounts receivable from external parties for which the allowance for doubtful accounts was provided on the aging basis.

② As of the end of the Reporting Period, there were no accounts receivable 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 81,504.08 of allowance for doubtful accounts was released, while no such allowance was reversed.

(3) Accounts Receivable Actually Written off for Current Period

RMB 1,635,329.74 of accounts receivable was written off for the Current Period.

(4) The accounts receivable from the top five debtors with the largest closing balance totaled RMB 0.00.

(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.

2. Other Receivables

(1) Other Receivables by Category

Category	December 31, 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	16,407,778.65	0.32	886,709.63	5.40	15,521,069.02

the allowance for doubtful accounts was not provided on the individual basis					
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	-	886,709.63	0.02	5,186,480,721.39

Category	December 31, 2016				
	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	3,767,930.18	0.10	394,114.56	10.46	3,373,815.62
Groups of other receivables from other entities within consolidation scope	3,641,656,418.76	98.37	-	-	3,641,656,418.76
Groups of futures margin	56,502,863.20	1.53	-	-	56,502,863.20

Subtotal of groups of other receivables	3,701,927,212.14	100.00	394,114.56	0.01	3,701,533,097.58
Other receivables with amounts that were not individually significant but for which the allowance for doubtful accounts was provided on the individual basis	-	-	-	-	-
Total	3,701,927,212.14	100.00	394,114.56	0.01	3,701,533,097.58

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	December 31, 2017			
	Carrying balance		Allowance for doubtful accounts	
	Amount	Percentage (%)	Amount	Ratio (%)
Within 1 year	15,565,732.65	94.87	781,190.03	5.00
1 to 2 years	705,946.00	4.30	70,594.60	10.00
2 to 3 years	130,100.00	0.79	32,525.00	25.00
3 to 4 years	6,000.00	0.04	2,400.00	40.00
4 to 5 years	-	-	-	-
Over 5 years	-	-	-	-
Total	16,407,778.65	100.00	886,709.63	—

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 504,419.24 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

RMB 11,824.17 of other receivables was written off for the Current Period.

(4) Other Receivables by Nature

Nature of account	December 31, 2017	December 31, 2016
Other receivables from internal entities	5,150,845,064.17	3,641,656,418.76
Futures margin	20,114,588.20	56,502,863.20
Other receivables from external entities	7,343,216.50	1,195,050.07
Petty cash	6,221,039.87	1,403,118.46
Government subsidies receivable	2,160,000.00	-
Security deposits	351,770.00	969,918.26
Social security advances	189,331.48	148,134.09
Other	142,420.80	51,709.30
Total	5,187,367,431.02	3,701,927,212.14

(5) Other Receivables from Top Five Debtors with Largest Closing Balances

The total other receivables from the top five debtors with the largest closing balances amounted to RMB 1,134,399,992.28, which were all current receivables from subsidiaries, accounting for 21.87% of the closing balance of the total other receivables, with the total closing balances of the corresponding allowance for doubtful accounts being RMB 0.00.

(6) Other Receivables Associated with Government Subsidies as of Period-End

Subsidy grantor	Title of subsidy	Closing balance	Closing age	Expected time of receipt, amount to be received and basis
Guangzhou Science Technology and Innovation Commission	Subsidy for iconic innovative enterprises	2,160,000.00	Within 1 year	See note
Total	—	2,160,000.00	—	—

Note: The government subsidy, of an amount of RMB 2,160,000.00, is expected to be received in July 2018 as per the Notice of the People's Government of Guangzhou on Issuing and Printing the Implementation Methods for Guangzhou's Key 100 Iconic

Service-Innovative Enterprises (SFBG [2016] No. 10), the Guide for Applying for Guangzhou's 100 Iconic Innovative Enterprises 2016 and the Public Announcement on Review Results for Guangzhou's 100 Iconic Innovative Enterprises 2016 released by Guangzhou Science Technology and Innovation Commission on September 22, 2017.

(7) No other receivables were derecognized due to transfer of financial assets in the Current Period.

3. Long-Term Equity Investments

(1) Long-Term Equity Investments by Category

Item	December 31, 2016	Increase in Current Period	Decrease in Current Period	December 31, 2017
Investments in subsidiaries	1,858,807,195.37	581,155,734.29	11,276,155.83	2,428,686,773.83
Investments in associates	12,978,755.25	4,968,619.45	-	17,947,374.70
Total	1,871,785,950.62	586,124,353.74	11,276,155.83	2,446,634,148.53

(2) Long-Term Equity Investments in Subsidiaries

Investee (abbr.)	December 31, 2016	Increase in Current Period	Decrease in Current Period	December 31, 2017	Allowance for impairment	Allowance for impairment provided in Current Period
Panyu Dachuan	12,458,245.67	891,741.77	-	13,349,987.44	-	-
Foshan Haihang	22,261,747.53	389,882.18	-	22,651,629.71	-	-
Guangzhou Haiwei	14,939,121.45	558,329.51	-	15,497,450.96	-	-
Guangzhou Rongchuan	14,840,082.58	109,177.29	-	14,949,259.87	-	-
Guangzhou Runchuan	9,812,949.78	-	-	9,812,949.78	-	-
Guangzhou Meinong	10,000,000.00	40,000,000.00	-	50,000,000.00	-	-
Hunan Haid	17,949,873.81	511,892.79	-	18,461,766.60	-	-

Investee (abbr.)	December 31, 2016	Increase in Current Period	Decrease in Current Period	December 31, 2017	Allowance for impairment	Allowance for impairment provided in Current Period
Chengdu Haid	15,613,895.61	496,407.86	-	16,110,303.47	-	-
Jiangmen Haid	81,897,746.70	787,117.40	-	82,684,864.10	-	-
Qingyuan Happy	2,286,991.40	749,170.21	-	3,036,161.61	-	-
Guangdong Hinter	81,633,153.97	1,458,447.39	-	83,091,601.36	-	-
Guangzhou Haihe	550,000.00	-	-	550,000.00	-	-
Foshan Haipu	7,350,000.00	14,229.33	-	7,364,229.33	-	-
Zhanjiang Haid	15,158,648.39	1,211,717.58	-	16,370,365.97	-	-
Hubei Haid	24,866,887.44	1,229,649.32	-	26,096,536.76	-	-
Taizhou Haid	18,866,876.97	653,699.96	-	19,520,576.93	-	-
Dongguan Haid	20,322,478.17	544,550.79	-	20,867,028.96	-	-
Guangzhou Haid	13,922,127.71	-	-	13,922,127.71	-	-
Guangdong Hisenor	976,292.71	528,113.92	-	1,504,406.63	-	-
Zhanjiang Hisenor	102,139.82	275,763.39	-	377,903.21	-	-
Hainan Hisenor	535,723.49	311,205.84	-	846,929.33	-	-
Qingyuan Bairong	551,144.25	142,673.72	-	693,817.97	-	-
Nanhai Bairong	777,218.70	206,177.19	-	983,395.89	-	-
Guangxi Haid	109,600,000.00	8,223.56	-	109,608,223.56	-	-
Jingzhou Haid	100,614,054.74	485,941.94	-	101,099,996.68	-	-
Ezhou Haid	2,249,643.61	548,683.66	-	2,798,327.27	-	-
Jiangxi Haid	73,935,772.46	228,830.37	-	74,164,602.83	-	-
Zhejiang Haid	98,618,262.33	359,993.58	-	98,978,255.91	-	-
Fujian Haid	100,366,387.85	613,123.96	-	100,979,511.81	-	-
Maoming Hailong	93,096,627.22	460,979.78	-	93,557,607.00	-	-
Zhuhai Rongchuan	33,012,041.59	1,052,203.95	-	34,064,245.54	-	-

Investee (abbr.)	December 31, 2016	Increase in Current Period	Decrease in Current Period	December 31, 2017	Allowance for impairment	Allowance for impairment provided in Current Period
Jieyang Haid	366,442.04	321,496.10	-	687,938.14	-	-
Nanchang Haid	4,384,926.33	380,519.79	-	4,765,446.12	-	-
Haid International	219,003,053.27	-	-	219,003,053.27	-	-
Sanshuifanling	15,366,450.38	205,366.24	-	15,571,816.62	-	-
Hainan Haiwei	5,000,000.00	-	-	5,000,000.00	-	-
A&T Xinhui	24,845,214.18	159,840.35	-	25,005,054.53	-	-
Tianmen Haid	5,598,481.77	491,259.76	-	6,089,741.53	-	-
Changzhou Gude	1,860,000.00	-	-	1,860,000.00	-	-
Dalian Rongchuan	50,386,845.66	-	-	50,386,845.66	-	-
Tianjin Haid	78,612,540.30	307,008.97	-	78,919,549.27	-	-
Changzhou Haid	21,146,933.79	1,126,352.10	-	22,273,285.89	-	-
Zhuhai Hailong	11,158,674.87	938,455.11	-	12,097,129.98	-	-
Yangjiang Haid	5,040,533.35	229,332.78	-	5,269,866.13	-	-
Guigang Haid	5,293,401.13	330,005.59	-	5,623,406.72	-	-
Guangzhou Hailong	3,121,479.05	-	31,143.21	3,090,335.84	-	-
Zhaoqing Haid	3,225,158.37	217,337.16	-	3,442,495.53	-	-
Shenzhen Longgreat	1,400,000.00	9,821.33	-	1,409,821.33	-	-
Yiyang Haid	50,174,952.84	400,902.83	-	50,575,855.67	-	-
Wuhan Aquaera	5,222,441.58	65,476.45	-	5,287,918.03	-	-
Nantong Haid	80,526,966.46	20,393,047.20	-	100,920,013.66	-	-
Yunnan Haid	5,791,340.92	463,503.60	-	6,254,844.52	-	-
Lanking	51,011.60	-	-	51,011.60	-	-
Dongting Haid	5,037,868.45	243,199.26	-	5,281,067.71	-	-
Zhangzhou Haid	12,136,413.90	275,792.25	-	12,412,206.15	-	-

Investee (abbr.)	December 31, 2016	Increase in Current Period	Decrease in Current Period	December 31, 2017	Allowance for impairment	Allowance for impairment provided in Current Period
Anhui Haid	10,466,818.06	379,270.61	-	10,846,088.67	-	-
Xiangtan Haid	10,008,198.11	163,435.02	-	10,171,633.13	-	-
Guangzhou Changsheng	10,282,866.28	1,766.47	-	10,284,632.75	-	-
Guangzhou Danong	500,000.00	-	-	500,000.00	-	-
Guangzhou Haifengchang	500,000.00	-	-	500,000.00	-	-
Wuhan Zeyi	10,000,000.00	-	-	10,000,000.00	-	-
Shandong Haiding	5,500,000.00	4,648.62	-	5,504,648.62	-	-
Xishui Haid	3,233,119.07	199,428.12	-	3,432,547.19	-	-
Baoding Haid	10,000,000.00	-	10,000,000.00	-	-	-
Yancheng Haid	663,423.73	123,817.98	-	787,241.71	-	-
Honghu Haid	2,000,000.00	85,908.12	-	2,085,908.12	-	-
Heshengtang Biotechnology	2,330,000.00	1,000,000.00	-	3,330,000.00	-	-
Heshengtang Pharmaceutical	12,170,693.96	7,121,176.37	-	19,291,870.33	-	-
Livestock Research Institute	51,024,238.02	339,076.36	-	51,363,314.38	-	-
Kaifeng Haid	12,692,027.51	275,442.31	-	12,967,469.82	-	-
Suqian Haid	20,173,876.99	140,939.00	-	20,314,815.99	-	-
Sheng Long International	262,308.02	-	-	262,308.02	-	-
Sichuan Hailinger	124,917.33	185,226.92	-	310,144.25	-	-
Enping Fengwo	11,693.50	130,244.81	-	141,938.31	-	-

Investee (abbr.)	December 31, 2016	Increase in Current Period	Decrease in Current Period	December 31, 2017	Allowance for impairment	Allowance for impairment provided in Current Period
Guangdong Hairuite	700,414.63	29,696.00	-	730,110.63	-	-
Guangzhou Diliwei	1,245,012.62	-	1,245,012.62	-	-	-
Guangzhou Haishengyuan	11,642.38	-	-	11,642.38	-	-
Yangxin Bairong	124,205.47	149,223.37	-	273,428.84	-	-
Hunan Innovative	1,102,665.30	210,380.81	-	1,313,046.11	-	-
Guangzhou Yitun	15,699.91	404,552.72	-	420,252.63	-	-
Heze Haiding Technology	51,349.83	263,368.62	-	314,718.45	-	-
Yangxi Fengwo	23,461.30	228,708.86	-	252,170.16	-	-
Chengnan Hairong	5,452.85	38,233.40	-	43,686.25	-	-
Shunde Haid	5,002,733.49	97,090.48	-	5,099,823.97	-	-
Guangzhou Haijian	1,000,000.00	-	-	1,000,000.00	-	-
Guangzhou Haishengke	1,000,000.00	-	-	1,000,000.00	-	-
Dong Nai Vietnam	1,363.21	236,102.99	-	237,466.20	-	-
Huaihua Haid	4,241.11	193,737.40	-	197,978.51	-	-
Jiaxing Haid	14,407,506.50	38,685.63	-	14,446,192.13	-	-
Jiangsu Haihe	6,700,000.00	89,347.98	-	6,789,347.98	-	-
Shenyang Haid	2,550,000.00	70,030.29	-	2,620,030.29	-	-
Shijiazhuang Weike	49,000,000.00	165,791.42	-	49,165,791.42	-	-
Haida Indonesia	-	13,321.56	-	13,321.56	-	-
Sheng Long Bio-Tech (India)	-	93,773.96	-	93,773.96	-	-
Anyang Haihe	-	1,394.58	-	1,394.58	-	-

Investee (abbr.)	December 31, 2016	Increase in Current Period	Decrease in Current Period	December 31, 2017	Allowance for impairment	Allowance for impairment provided in Current Period
Anshan Dachuan	-	547,797.16	-	547,797.16	-	-
Binyang Yitun	-	1,975.66	-	1,975.66	-	-
Shanxian Haiding	-	68,900.58	-	68,900.58	-	-
Dingtao Haiding	-	74,248.62	-	74,248.62	-	-
Dingtao Hairong	-	51,682.78	-	51,682.78	-	-
Duyun Yitun	-	36,426.58	-	36,426.58	-	-
Enping Yitun	-	75,090.66	-	75,090.66	-	-
Feixian Hairuida	-	89,032.21	-	89,032.21	-	-
Foshan Haid	-	3,307,406.30	-	3,307,406.30	-	-
Ganzhou Haid	-	2,700,000.00	-	2,700,000.00	-	-
Gaozhou Sanhe	-	65,770.72	-	65,770.72	-	-
Guangzhou Haiyiyuan	-	18,714.67	-	18,714.67	-	-
Guangzhou Haiyuan	-	50,000,000.00	-	50,000,000.00	-	-
Guangzhou Mutai	-	91,021.00	-	91,021.00	-	-
Gangbei Yitun	-	4,766.31	-	4,766.31	-	-
Guigang Hairong	-	6,740.49	-	6,740.49	-	-
Qintang Yitun	-	12,282.92	-	12,282.92	-	-
Guiyang Zhihai	-	697.29	-	697.29	-	-
Haid Pet	-	5,505,113.47	-	5,505,113.47	-	-
Hisenor Vietnam	-	20,338.67	-	20,338.67	-	-
Hai Duong Haid	-	84,851.76	-	84,851.76	-	-
Henai Haihe	-	6,704,299.96	-	6,704,299.96	-	-
Hengshan Yitun	-	88,991.45	-	88,991.45	-	-

Investee (abbr.)	December 31, 2016	Increase in Current Period	Decrease in Current Period	December 31, 2017	Allowance for impairment	Allowance for impairment provided in Current Period
Hengyang Yitun	-	50,632.72	-	50,632.72	-	-
Hunan Yitun	-	187,773.73	-	187,773.73	-	-
Jining Haiding	-	41,007.32	-	41,007.32	-	-
Jingzhou Bairong	-	4,021.33	-	4,021.33	-	-
Lanzhou Haid	-	2,091.87	-	2,091.87	-	-
Liyang Jiuhe	-	64,092,907.02	-	64,092,907.02	-	-
Lianyungang Haihe	-	35,050.65	-	35,050.65	-	-
Liaocheng Haiding	-	27,903.62	-	27,903.62	-	-
Pingguo Yitun	-	75,814.75	-	75,814.75	-	-
Pingnan Yitun	-	59,042.78	-	59,042.78	-	-
Qingyuan Haid	-	10,151,691.69	-	10,151,691.69	-	-
Qujing Zhihai	-	2,011,291.53	-	2,011,291.53	-	-
Sanming Haid	-	5,181,667.68	-	5,181,667.68	-	-
Shandong Daxin	-	286,431,719.46	-	286,431,719.46	-	-
Shaanxi Haid	-	6,704,648.60	-	6,704,648.60	-	-
Sheng Long Bio-Tech	-	279,896.53	-	279,896.53	-	-
Sihui Yitun	-	28,133.87	-	28,133.87	-	-
Suixian Haiding	-	62,021.34	-	62,021.34	-	-
Tengzhou Fengcheng	-	9,303.20	-	9,303.20	-	-
Xuzhou Haid	-	4,811.30	-	4,811.30	-	-
Xuzhou Haihe	-	23,778.63	-	23,778.63	-	-
Xuchang Haihe	-	1,278.37	-	1,278.37	-	-
Xuancheng Haid	-	5,160,163.62	-	5,160,163.62	-	-

Investee (abbr.)	December 31, 2016	Increase in Current Period	Decrease in Current Period	December 31, 2017	Allowance for impairment	Allowance for impairment provided in Current Period
Yangdong Fengwo	-	54,520.00	-	54,520.00	-	-
Yangling Haid	-	4,881.03	-	4,881.03	-	-
Yinan Haiding	-	130,960.58	-	130,960.58	-	-
Yibin Zhihai	-	20,766.37	-	20,766.37	-	-
Yicheng Yitun	-	18,714.67	-	18,714.67	-	-
Yueyang Yitun	-	61,688.80	-	61,688.80	-	-
Yuncheng Haiding	-	40,307.90	-	40,307.90	-	-
Zhangzhou Hairong	-	21,596.94	-	21,596.94	-	-
Zhaoqing Bairong	-	13,688.00	-	13,688.00	-	-
Chongqing Haid	-	5,125,343.24	-	5,125,343.24	-	-
Hunan Jinhuilong	-	31,620,000.00	-	31,620,000.00	-	-
Total	1,858,807,195.37	581,155,734.29	11,276,155.83	2,428,686,773.83	-	-

(3) Investments in Associates as of Period-End

Investee (abbr.)	December 31, 2016	Increase in Current Period	Decrease in Current Period	December 31, 2017	Allowance for impairment	Allowance for impairment provided in Current Period
Fuhai Chemicals	12,978,755.25	4,968,619.45	-	17,947,374.70	-	-
Total	12,978,755.25	4,968,619.45	-	17,947,374.70	-	-

4. Sales Revenue and Cost of Sales

(1) Sales Revenue

Item	2017	2016
Revenue from main operations	864,012,389.70	434,408,295.11

Item	2017	2016
Revenue from other operations	165,502,026.68	128,465,577.76
Total	1,029,514,416.38	562,873,872.87

(2) Cost of Sales

Item	2017	2016
Cost of sales in main operations	433,988,280.81	176,824,904.92
Cost of sales in other operations	5,264,303.22	6,948,557.11
Total	439,252,584.03	183,773,462.03

5. Return on Investment

(1) Details of Return on Investment

Item	2017	2016
Return on long-term equity investments under cost method	651,976,617.16	973,642,775.67
Return on long-term equity investments under equity method	4,968,619.45	3,978,755.25
Income from disposal of long-term equity investments	-1,696,693.52	5,588,267.80
Income from disposal of financial assets at fair value through profit or loss	67,982,659.68	11,833,818.7
Income from holding available-for-sale financial assets	3,970,851.71	-
Return on investments in wealth management instruments	28,765,121.46	9,666,766.09
Total	755,967,175.94	1,004,710,383.51

XVII 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	-12,825,316.16	
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)	59,725,956.70	
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	122,148.00	
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)	-73,004.67	
Reversed portion of impairment allowance for accounts receivable which are tested individually for impairment	1,359,508.00	
Non-operating gain and loss other than above	3,882,745.51	
Subtotal	52,192,037.38	
Less: Income tax effects	8,012,841.86	
Less: Non-controlling interests effects (net of tax)	-289,552.35	
Total	44,468,747.87	

(II) Return on Equity (ROE) and Earnings per Share (EPS)

Income of Reporting Period		Weighted average ROE	EPS	
			Basic EPS	Diluted EPS
2017	Net income attributable to common shareholders of the listed company	20.01%	0.78	0.78
	Net income attributable to common shareholders of the listed company before nonrecurring gains and losses	19.05%	0.75	0.74

Income of Reporting Period		Weighted average ROE	EPS	
			Basic EPS	Diluted EPS
2016	Net income attributable to common shareholders of the listed company	16.17%	0.55	0.55
	Net income attributable to common shareholders of the listed company before nonrecurring gains and losses	15.38%	0.53	0.53

Section XII. Documents Available for Reference

I The 2017 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

April 19, 2018