



# Guangdong Haid Group Co., Limited

## 2019 Annual Report

**Stock Code: 002311**

**Stock Abbreviation: Haid Group**

**Bond Code: 128102**

**Bond Abbreviation: Haid Convertible Bonds**

**Date of Approval for Publication: 21 April 2020**

## 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, and Mr. Shaolin Yang, head in charge of accounting work and 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.

### Risk Warning:

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

The feed industry mainly serves the downstream animal feeding industry. The abnormal changes in natural elements such as precipitation and typhoon may lead to fluctuations of the inventory of livestock or aquatic products and even the large-scale outbreak of animal diseases. This thus affects the demand for feed and likely causes the risk of periodic and regional fluctuations of the latter. With the environmental changes and the expansion of animal production industry, human and animal epidemic diseases may also occur occasionally. For instance, the COVID-19 epidemic started to wreak havoc on the world in January 2020; the African swine fever virus broke out across China in August 2018; and PRRSV-mediated pig disease, shrimp-relevant EMS epidemic disease and poultry-relevant "H7N9" disease all occurred recently. The outbreak of

animal diseases will directly inhibit the scale of animal production and reduce the demand for feed in the short term; major animal and human epidemic diseases may also lead to compulsory measures imposed by the government to restrict human and goods circulation to cut off the infection sources, which may dampen the demand from end-consumers, leading to a downturn of the animal production industry, and further affect the feed demand, giving rise to adverse effects on the production and operation of feed enterprises.

**Risk management methods:** (1) The Company is currently fully deploying factories and developing local markets in major areas in Southern China, Central China, Eastern China and Northern China and overseas markets in Southeast Asia, etc. and the expansion of regional distribution can effectively cope with the risk of weather anomalies and natural disasters in local areas. (2) The Company's feed varieties cover pig feed, chicken feed, duck feed and other livestock feed and fish feed, shrimp feed and other aquatic feed. With a variety of products and a well-balanced structure, it can effectively deal with the risk of single breed species and has strong comprehensive anti-risk capability. (3) The Company has set up professional functional departments at its headquarters, and the Group has set up multiple regional / business divisions according to regions or business categories. 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 multiple regional/business divisions and various branches and subsidiaries. The flat and professional management structure and an efficient management team enable the Company to allocate various resources in a timely manner during the epidemic, and make targeted anti-epidemic arrangements for different businesses and regions.

## II. Risk of Drastic Price Fluctuations of Major Raw Materials

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

timely manner and promptly implement strategic management and risk control of procurement, the Company may face the risk of rising integrated procurement costs.

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

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

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

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

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

#### **IV. Risk of Exchange Rate Fluctuations**

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

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

and strives to achieve relatively balanced regional fund inflow and outflow through structural arrangements of financing sources and financing types; (2) The expansion of two-way fluctuations in the RMB exchange rate has become the new normal. The Company further enhances its awareness of foreign exchange risk management, and arranges settlement models based on the procurement and sales strategies and cycle characteristics of import and export operations. And forward foreign exchange settlement and sale, swaps, foreign exchange options and other financial instruments are flexibly used to lock the exchange rate risks, control procurement and sales costs, and control the possible risk brought about by exchange rate fluctuations. (3) The Company sets up an overseas capital pool to achieve centralized management of foreign exchanges, increase the utilization efficiency of foreign exchanges, as well as reduce the risk of exchange rate fluctuations in the settlement and payment of exchanges. (4) In the overseas business operations, due to the high cost of exchange rate lock-in, the Company gives play to the advantage of the high interest rates of the local currencies and chooses appropriate term deposit schemes for high interest income to offset the depreciation risk of the local currencies.

The proposed profit distribution plan of the Company was considered and passed by the Board: on the basis of the total number of shares on the registration date when the plan is implemented in the future, the Company will distribute cash dividend of RMB 3.5 (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 2019 Annual Report is available at <http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=9900009032&stockCode=002311&announcementId=1207538986&announcementTime=2020-04-21>.

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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 2019 to 31 December 2019
last year, the same period of last year	the period from 1 January 2018 to 31 December 2018
the end of the period	31 December 2019
the beginning of the period or the year	1 January 2019
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、Huafang Yang
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
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### 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	Grant Thornton China (Special General Partnership)
CPAs' Office Address	5th Floor, Scitech Palace 22 Jianguomen Wai Avenue, Chaoyang District, Beijing
Name of the Signing Certified Public Accountants	Wenyuan Guan and Shuxia Zhang

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

Applicable  Not applicable

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

Applicable  Not applicable

### VI. Major accounting data and financial indicators

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

Yes  No

	2019	2018	Increase/decrease for the year as compared to the	2017
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			prior year	
Total Operating Income (RMB)	47,612,587,464.50	42,156,628,800.11	12.94%	32,556,634,127.38
Net profits for the year attributable to shareholders of the Company (RMB)	1,648,762,579.59	1,437,281,732.28	14.71%	1,207,225,209.35
Net profits for the year attributable to shareholders of the Company after deducting the non-operating gain and loss (RMB)	1,580,784,060.76	1,394,557,560.67	13.35%	1,162,756,461.48
Net cash flows from operating activities (RMB)	3,246,980,705.08	1,035,764,006.33	213.49%	494,221,455.85
Basic earnings per share (RMB per share)	1.06	0.90	17.78%	0.78
Diluted earnings per share (RMB per share)	1.05	0.90	16.67%	0.78
Rate of return on equity on weighted average basis	19.54%	20.21%	-0.67%	20.01%
	As at the end of 2019	As at the end of 2018	Increase/decrease as at the end of the year compared to the end of the prior year	As at the end of 2017
Total assets (RMB)	18,854,315,218.31	17,365,663,861.06	8.57%	13,160,456,702.93
Total equity attributable to owners of the Company (RMB)	9,103,789,731.01	7,745,939,076.96	17.53%	6,474,694,687.24

## 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 Income	8,874,920,365.40	12,189,372,705.03	14,448,270,108.28	12,100,024,285.79
Net profits for the year attributable to shareholders of the Company	122,489,585.76	551,430,216.83	738,553,472.12	236,289,304.88
Net profits for the year attributable to shareholders of the Company after deducting the non-operating gain and loss	120,051,433.64	543,171,630.64	708,579,905.05	208,981,091.43
Net cash flows from operating activities	-678,764,341.96	1,007,122,610.85	1,672,826,361.80	1,245,796,074.39

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 2019	Amount for 2018	Amount for 2017	Explanation
Gain or loss on disposal of non-current assets	-699,384.34	-581,071.09	-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)	53,217,210.55	66,315,959.91	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	3,199,250.94		122,148.00	

Gain or loss on changes in fair value of held-for-trading financial assets and liabilities & financial assets and liabilities at fair value through profit or loss (exclusive of effective portion of hedges that arise in the Company's ordinary course of business)	4,383,792.92	-175,206.74	-73,004.67	
Account receivables that are individually tested for impairment and reversal of contract assets impairment	3,818,866.10	3,466,834.57	1,359,508.00	
Non-operating gains and losses other than above	19,284,324.06	-12,961,386.26	2,623,429.25	
Other gains and losses that meet the definition of non-operating gain/loss	5,465,542.39	1,263,559.84	1,259,316.26	
Less: Income tax effects	17,653,550.72	11,931,518.80	8,012,841.86	
Less: Non-controlling interests effects (net of tax)	3,037,533.07	2,672,999.82	-289,552.35	
Total	67,978,518.83	42,724,171.61	44,468,747.87	--

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

(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. As the land resources for pig farming are on the rise, the Company is gradually expanding its self-supporting production bases.

The Company has set up professional functional departments including research institute, procurement center, financial center, operation and development 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 5,000 in 2019. It is expected that the consolidation would continue and the number would be further reduced. In 2019, China's feed production (around 1/4 of the global production) maintained a steady growth, exceeding 200 million tonnes for the fifth consecutive year and being the largest in the world for the ninth consecutive year. 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. The outbreak of the African swine fever in 2018 has accelerated concentration in the industry. Small-scale farmers and family-based private farmers quickly withdraw from the market, while large companies are expected to expand their farming size rapidly during the epidemic by virtue of their superiority in funds, technology and the epidemic prevention and control system. In December 2019, the live pig inventory decreased by 27.5% year on year; and the fertile sow inventory decreased by 31.32% year on year.

## 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 cyclical factors of the feed industry offset each other, with a limited impact on feed products. The feed industry features a weak cycle.

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 12.29 million tonnes of feed in 2019, representing approximately 5.37% of the country's total feed production. The market share of the Company has further enlarged, with ample room for further growth. 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 been gradually expanding feed, seedlings and animal healthcare markets in Vietnam, India, Indonesia, Ecuador, etc.

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 the top 500 Chinese companies in 2019, the top 500 Chinese manufacturing companies, the top 500 privately-held companies in China and the 2018 Fortune China 500.

## II. Material Changes of Major Assets

### 1. Material Changes of Major Assets

Major assets	Description
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Equity assets	During the reporting period, the Company's equity assets decreased by 12.13% from the beginning of the period, of which investments in minority-owned enterprises decreased by 20.99%, mainly due to the transfer of equity interests in Guangdong GF Hulian Micro-Loan Co., Ltd..
Fixed assets	During the reporting period, the Company's fixed assets increased by 38.26% 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.
Intangible assets	During the reporting period, the Company's intangible assets increased by 20.83% from the beginning of the period, mainly due to the new land and software use rights.
Construction in progress	During the reporting period, the construction in progress of the Company decreased by 9.15% from the beginning of the period, mainly due to the transfer of construction in progress in last year to fixed assets upon reaching the scheduled usable status.

## 2. Major Assets Overseas

Applicable  Not applicable

## III. Analysis of Core Competitiveness

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. With respect to feed products, the Company is one of the few feed producers in China that can produce feed for fish, shrimps, pigs, meat poultry and egg poultry. And it is fairly competitive in all the product categories, with a large market share in major markets. 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 1,600 members. It annually invests a considerable amount 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 20 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 6,000 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, ERP 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 "seedlings - 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 6,000 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 2019, China experienced a decrease in feed production, fiercer competition in the feed industry, a continuous fall in the number of feed producers and increasing market concentration in the industry. Affected by the African Swine Fever (ASF), pig production and livestock inventory suffered substantial decline, resulting in surging pork prices and switching some demands from pork to poultry meat. As the conversion rate of poultry meat is much higher than pork, feed production across the country has experienced decrease from “structured” adjustment. In 2019, the total output of industrial feed reached 228,854,000 tons, a year-on-year decrease of 3.7%. The output of pig feed was 76,632,000 tons, a year-on-year decrease of 26.6%; poultry feed was 115,814,000 tons, a year-on-year increase of 22.0%; aquatic feed was 22,029,000 tons, a year-on-year increase of 0.3%. The substantial adjustment to the feed varieties and structure posed huge challenges to the industry and many feed companies had no choice but to develop new feed products and new markets or directly withdraw from market competition. In 2019, the number of feed manufacturers that were in actual production with basically normal rates of operations decreased to 5,016, representing a decline of 33.05% from 7,492 registered in 2017. Large leading feed manufacturers continued to increase capacity, leading to faster enhancement in industrial concentration.

In terms of farming, pig farming was sluggish at first and then went upturn; poultry farming continued the rising momentum; aquaculture was in relative recession. Affected by ASF, the scale of pig farming went down substantially, and the end prices and farming profits were at low levels at first, followed by rises later, with a new high in the fourth quarter. However, due to the big epidemic risks facing farming industry, the increase in farming was mainly seen in large companies. Medium- and small-sized companies and individual farmers withdrew from the market at a faster speed. As a result, poultry farming welcomed a huge alternative development opportunity. The decrease in pig supply gave rise to robust demands for poultry meat and eggs, resulting in continuous growth in poultry farming and a boom in overall profits of the industrial chain (including breeding, farming and slaughtering) with differences in profit distribution in different stages. In terms of aquaculture, due to its relatively weaker role in substituting pig supply, the industrial expectations were not met and the industry was sluggish throughout the year. The scale of special aquatic products, such as crayfish, crabs, mandarin fish and channa argus, remained small, with considerable fluctuations in prices due to short-term supply-demand relations. But the consumption trend of special aquatic products gradually replacing traditional varieties remained unchanged.

#### (II) Production and operation of the Company

During the Reporting Period, the business scale of animal feed, aquatic breeding, animal health products, animal husbandry and trade continued to grow on all fronts. For 2019, the operating income amounted to RMB 47.613 billion, up by 12.94% year-on-year; and the net profits attributable to the owners of the Company reached RMB 1.649 billion, up by 14.71% year-on-year.

1. The Company has complete product lines in the animal feed business, possesses core competitiveness for pig,

poultry and aquatic feed and witnesses continued increase in market shares.

The Company possessed competitive edges in varieties, ensuring stable and continuous growth in its total feed. From the outbreaks of flood in Central China in 2016 and the bird flu in 2017 to ASF in 2018 and 2019, animal farming and feed industries have been greatly affected by natural disasters and epidemics in recent years, leading to big fluctuations in the farming size and price of farming varieties and shifts in feed demands. Taking the advantage in the full spectrum of its product pipeline and core competitiveness for all products, the Company has made rapid adjustment to its strategic plans, production capacity and personnel deployment in response to market changes. These efforts effectively mitigated the impact from natural disasters, epidemics, and great fluctuations from the industry and led to stable and continuous growth in its total feed output. During the Reporting Period, despite of a decline of total feed production across the country, the Company's sales volume of feed reached 12.29 million tons, up by 15% year-on-year, accounting for 5.37% of the country's total feed output and obtaining higher market shares.

(1) In terms of pig feed, the Company's sales volume decreased by 28% year-on-year, but with slight increase in gross profit margin and huge progress in product technology, structure optimization, service and brand building. Affected by ASF, livestock inventory of pigs fell substantially throughout China, particularly in South China, the Company's core market, which saw a year-on-year decrease of 70%-80% in demands for both livestock inventory and pig feed in the second half year. Most feed companies shut down their operation or were forced to shift business. In the difficult period, the Company focused on the development of product technology for pig feed business, dealt with new nutrition, formula and technology demands triggered by ASF through technological innovation, investment in technology and upgrading in production process, in a bid to build product competitiveness for pig feed. During the Reporting Period, with improvement to the product structure, the Company's pig feed products gave outstanding performance in a number of aspects, including improving physical fitness, maintaining health and facilitating growth. The proportion of hi-tech and high gross-profit products, such as sow feed, creep feed, concentrate and suckling pig feed, increased substantially from 18% in 2015 to 27% this year. At the same time, by focusing on its anti-epidemic services, the Company provided pig health products and veterinary drugs. In addition, to address customers' pressing demands, the Company conducted specialized online training on epidemic prevention technology (A total of 15 sessions were held with 1,879,500 views) and organized a team offline to perform technology services and training on epidemic prevention and tooth extraction for farmers. By doing so, the Company built the image of an industrial leader in epidemic prevention, set up a service system for pig feed and strengthened customer stickiness. Through the efforts of its team, the Company gained recognition from many customers for its pig feed brand, with key sales regions expanding from the original South and Central China to North and Southwest China. Growth was maintained in the number of farming customers and sales channels and increase was seen in market shares; the gross profit margin from pig feed products rose by 0.5 percentage point, laying a solid foundation for subsequent recovery of pig feed.

(2) In terms of poultry feed, the Company's sales volume went up by 35% year-on-year, with continuous expansion in the advantages of technology, scale and market. The gross profit margin increased by nearly 2 percentage points with huge enhancement in profitability, presenting a picture of simultaneous increases in both volume and profits. Through years of technical development and experience, the Company has built increasingly obvious advantage in technology. It has completed the development of the nutrition system and the formula system for its existing advantaged breeds, including Cherry Valley ducks, white-feather broilers, laying ducks and laying hens, enabling it to exercise precise nutrition management and leading to material improvements in cost

control capability; it has made marked progress in the technical development of new breeds, including Muscovy ducks, hybrid Muscovy ducks, geese, quails and native breeds of chicken, with basic development in the nutrition system and the formula system and evident effect of product strength. By virtue of its technical advantage, the Company exercised differentiated competition for newly developed breeds, resulting in substantial increase in profits. For example, with high profit margins of goose feed and the Company's precise production positioning and prominent product strength, the sales volume of goose feed experienced double increase during the Reporting Period. The substantial growth in a number of new products drove continuous optimization in poultry feed structure and increase in gross profit margin. Furthermore, the Company duly expanded capacity and reasonably adjusted the management model in key markets of poultry feed, leading to further improvement in operating efficiency. Equipped with the technical capacity, product capacity, advantage in scale and operating efficiency of above the industrial average level, the Company has built huge market competitive edges for poultry feed and continuously improved the product defense line, driving quick increase in its total feed and profits.

(3) In terms of aquatic feed, the Company's sales volume rose by 13% year-on-year, maintained growth far higher than the industrial average and further improved the variety structure. During the Reporting Period, due to the inconspicuous effect of substituting port consumption and the absorption of the high-speed growth in farming size for the previous years, the Company's special aquatic products (including weever and channa argus) that had grown rapidly in recent years suffered decline in inventory and shrinkage in feed demands. By virtue of its advantage in technology, service and industrial chain, the Company managed to achieve growth in the sales volume by about 10% with further increase in market shares. Meanwhile, the Company made vigorous efforts to develop special feed markets for crayfish, crabs and golden pomfret, leading to more than 70% growth in sales volume during the Reporting Period. As a result, the Company's sales volume of special aquatic feed sustained growth by over 20% throughout the year with slight increase in gross profit margin. Holding firm confidence in consumption upgrading, special aquaculture and increase in demands for special aquatic feed, the Company has made resolute efforts to spend on the development of resources and technology, develop new product market, seize and increase market shares, build capacity for special aquatic feed across the country, and preserve its leading advantage in technology and production capacity. During the Reporting Period, the capacity for special aquatic feed that was completed and being built by the Company exceeded 1 million tons, laying a solid foundation for growth in sales volume in the next few years. General aquatic (including traditional aquatic products such as the four major Chinese carps) feed faced exceptionally fierce competition with compressed overall industrial profits throughout the year due to increasing competition from the business shift of many pig feed companies. In the second half year, quite many new competitors withdrew from the market with faster industrial reshuffle and concentration. In 2019, the Company's sale volume of general aquatic feed basically leveled with the previous year and gross profit margin fell by 2.28 percentage points. In summary, the sales volume of aquatic feed for the year grew by 13%, which was much higher than the industrial average. The product structure continued to improve with huge potential in the growth of special aquatic feed. Despite the impact from the decrease in gross profit margin of general aquatic feed, which caused a drop of 0.69 percentage point year-on-year in the overall gross profit margin, the industrial concentration was going faster, and the Company's market shares continued to rise with obvious competitive edge in industrial chain.

2. Through industrial chain building, the Company developed comprehensive competitiveness in multiple dimensions and ensured stable and sustained growth

In terms of industrial chain development, the Company adopts a basic strategy of increasing size based on



specialization and extending industrial chain based on core competitiveness. By centering around the feed business and based on improving specialization, the Company has developed the upstream and downstream of the industrial chain of farming, aquatic breeding, poultry slaughtering, animal health and raw materials trade to generate synergistic effect with the feed business, improve its profitability and anti-risk capacity, and ensure stable and sustained growth.

The Company's sales business of agricultural products include farming, aquatic animal fry production and poultry slaughtering. (1) Farming mainly includes pig farming. During the Reporting Period, the Company realized a sales revenue of RMB 1.371 billion from pig business, up by 53.36% year-on-year. In the context of ASF, the Company built its own pig farms in the first half year and focused on increasing the business scale by purchasing piglets from external parties according to the principle of prudence. Core attention was emphasized on the establishment of a biological epidemic prevention system, optimization of each branch point including animal production, animal health, selective breeding, nutrition and cost-control. Meanwhile emphasis was also given to team-building and reserving land resources. As of now, the Company has reserved sufficient land for pig farm construction in Guangdong, Guangxi, Hunan, Hubei and Guizhou, established a farming team comprising more than 1,000 members, and equipped the farming team with industrial leading capacity for ASF prevention and control. In the second half year, as it had set up a sound epidemic prevention system and treatment methods, the Company expedited the construction pace of self-owned pig farms, leading to further expansion in pig farming scale. (2) The Company realized a sales revenue of RMB 354 million from aquatic breeding, up by 26.43% year-on-year. In terms of shrimp breed, the Company will continued to improve the system and standardize the management model; in respect of fish breed, it will focus on the breeding and reproduction of special aquatics. The Company has formed advantages in industrial chain for aquatic breeding and feed and animal health, allowing itself to provide farmers with integrated solutions. (3) Benefiting from the boom in poultry industrial chain, the Company realized a sales revenue of RMB 828 million, up by 46.55% year-on-year, with slight increase in the profitability.

With regard to animal health business, the Company realized a sales revenue of RMB 574 million, up by 21.28% year-on-year, with an increase of 6.72 percentage points in the gross profit margin. The Company's animal health products include microecologics, vaccines and veterinary drugs for aquatic animals, livestock and poultry. Over years' development, the Company has formed a comprehensive service system and sound internal distribution channels for its aquatic animal health segment as the product and service models are being upgraded continuously. In addition, the Company enjoys prominent advantages in the cost performance of core products and sustained increase in market shares. It focuses on vaccines, veterinary drugs and other related products for the livestock and poultry health segment as a response to the huge room of market demands for livestock and poultry health products. In recent years, the Company has made efforts to accumulate and improve its capacity for the R&D, production and supply of livestock and poultry health products. In 2019, it started to build the livestock and poultry health service system to integrate the products into the system through effective organization and grasp the opportunity to substitute farmers' original animal health products.

In terms of raw materials trade, due to China-U.S. trade frictions and the decrease in domestic demands for corn, the Company began to shrink its trade scale in the second half year. During the Reporting Period, the Company realized a sales revenue of RMB 5.199 billion, with the gross profit margin roughly equivalent to the previous year and stable profits.

3. The Company focused on the research in animal nutrition, reproduction and breeding and farming model, built

nutrition systems and formula systems for the entire farming process of various breeds, created specialized and differentiated terminal products, enhanced product competence and built a technology-driven farming company

R&D provides the basis for the survival of the Company while continuous increase in R&D spending serves as the basis for the development of the Company. During the Reporting Period, the Company spent RMB 428 million on R&D (including R&D expenses and development expenditure), up by 37.93% year-on-year. By focusing on breeding/nutrition/health/farming and food, the Company built an industrial leading R&D system for the whole industrial chain. While raising the spending on application technology, the Company focused on strengthening the building of technology platforms for various business modules on the industrial chain and formed a three-level R&D system covering from the research in platform technology and the development of application technology to the application of system solutions. The Company's R&D team currently comprises more than 1,600 members, including over 300 holding PhD Degree and Master's Degree (The whole Group has a total of 878 employees holding PhD Degree and Master's Degree), providing adequate HR foundation for the improvement of the Company's R&D system. During the Reporting Period, the Company made substantial achievements in technology R&D, including breakthroughs in the breeding of holandric channa argus and holandric tilapia, global leading formula technology for low-fishmeal and non-fishmeal, and industrial leading converted application of antibiotic-free technology in feed.

In terms of industry-education-research collaboration, the Company has conducted various forms of such collaboration with more than 50 domestic and foreign colleges and research institutes. The collaboration modes include jointly building industry-education-research collaboration bases, academicians' workstations and key laboratories, and jointly solving industrial key, common, prospective and emergency problems. During the Reporting Period, the Company undertook and involved in 55 government projects in total, including seven state-level, 34 provincial, 11 municipal and three district-level projects. In addition, the Company worked with South China Agricultural University and Institute of Animal Health, Guangdong Academy of Agricultural Sciences, to respectively undertake one project on technology-based emergency prevention and control over ASF in Guangdong Province, being Research and Application of Comprehensive Emergency ASF Prevention and Control Technology (《非洲猪瘟应急综合防控技术研究及应用》) and Research and Application of Precise ASF Testing Technology (《非洲猪瘟精准检测技术研究与应用》). The projects have led to successful development of nucleic test kits for ASF virus, providing emergency measures for the industry.

As the "total ban on antibiotics" enters countdown, the Company is making active steps to implement green, antibiotic-free and healthy farming through technology innovation and promote the sustainable development of farming industry. During the Reporting Period, the Company undertook Research and Application of Key Technology in the Biosynthesis of Antibiotic-free Feed, a project under the Key Field R&D Program of Guangdong Province, together with South China Agricultural University, Yunnan Normal University and Shandong Youtell Biotech Co., Ltd.. Through "research and application of key technology in the microbial fermentation of feed" and "research and application of key technology in the substitution of antibiotics in feed", the Company aims to make breakthroughs in key technology in the biosynthesis of antibiotic-free feed, provide systematic solutions for substitutes of feed containing antibiotics, demonstrate and promote the solutions, and thus lead industrial progress and development.

## 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

	2019		2018		Increase/decrease
	Amount	% of revenue	Amount	% of revenue	
Total operating income	47,612,587,464.50	100.00%	42,156,628,800.11	100.00%	12.94%
By industry					
Feed industry	44,871,383,878.06	94.24%	40,415,026,750.36	95.87%	11.03%
Farming industry	2,741,203,586.44	5.76%	1,741,602,049.75	4.13%	57.40%
By product					
Sales of feed	38,985,186,067.96	81.88%	34,965,196,221.20	82.94%	11.50%
Sales of animal healthcare products	574,064,192.41	1.21%	473,324,165.98	1.12%	21.28%
Sales of agricultural products	2,741,203,586.44	5.76%	1,741,602,049.75	4.13%	57.40%
Trading business	5,199,456,961.28	10.92%	4,874,822,732.93	11.57%	6.66%
Others	112,676,656.41	0.24%	101,683,630.25	0.24%	10.81%
By region					
Southern China	26,044,702,214.86	54.70%	25,268,338,101.65	59.94%	3.07%
Eastern China	6,301,474,741.13	13.23%	5,944,635,932.64	14.10%	6.00%
Northern China	16,583,504,018.01	34.83%	13,048,253,974.37	30.95%	27.09%
Central China	10,075,744,770.11	21.16%	9,410,967,930.35	22.32%	7.06%
Overseas	4,285,189,298.17	9.00%	2,982,432,421.86	7.08%	43.68%
Combined offset	-15,678,027,577.78	-32.93%	-14,497,999,560.76	-34.39%	8.14%

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

Applicable  Not applicable

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
<b>By industry</b>						
Feed industry	44,871,383,878.06	40,099,159,977.55	10.64%	11.03%	11.04%	-0.01%
Farming industry	2,741,203,586.44	2,124,251,939.55	22.51%	57.40%	41.35%	8.80%
<b>By product</b>						
Sales of feed	38,985,186,067.96	34,759,643,284.59	10.84%	11.50%	11.74%	-0.20%
Sales of animal healthcare products	574,064,192.41	263,811,700.51	54.04%	21.28%	5.80%	6.72%
Sales of agricultural products	2,741,203,586.44	2,124,251,939.55	22.51%	57.40%	41.35%	8.80%
Trading business	5,199,456,961.28	5,043,647,623.86	3.00%	6.66%	6.80%	-0.12%
<b>By region</b>						
Southern China	26,044,702,214.86	22,810,102,142.18	12.42%	3.07%	1.61%	1.26%
Eastern China	6,301,474,741.13	5,830,841,389.77	7.47%	6.00%	5.56%	0.39%
Northern China	16,583,504,018.01	15,635,306,528.36	5.72%	27.09%	27.67%	-0.42%
Central China	10,075,744,770.11	9,428,408,033.61	6.42%	7.06%	6.28%	0.68%
Overseas	4,285,189,298.17	3,802,870,898.34	11.26%	43.68%	42.92%	0.48%

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	2019	2018	Increase/ decrease
Feed industry	Sales	10,000 tonnes	1,228.64	1,070.14	14.81%
	Production output	10,000 tonnes	1,259.01	1,065.37	18.18%
	Inventories	10,000 tonnes	15.13	12.59	20.17%

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

Applicable  Not applicable

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

Applicable  Not applicable

### (5) Composition of operating costs

By industry and product

Unit: RMB

By industry	Item	2019		2018		Increase/decrease
		Amount	% of operating costs	Amount	% of operating costs	
Feed industry	Material costs	38,314,454,972.39	95.55%	34,607,873,095.71	95.83%	10.71%
Feed industry	Labour costs	502,192,987.50	1.25%	407,312,350.01	1.13%	23.29%
Feed industry	Manufacturing expenses	1,250,454,649.07	3.12%	983,253,333.82	2.72%	27.18%
Feed industry	Others	32,057,368.59	0.08%	114,321,062.98	0.32%	-71.96%
Total of feed industry		40,099,159,977.55	100.00%	36,112,759,842.52	100.00%	11.04%
Farming industry	Material costs	1,798,900,558.11	84.68%	1,239,184,793.41	82.46%	45.17%
Farming industry	Labour costs	211,537,541.78	9.96%	174,088,889.20	11.58%	21.51%
Farming industry	Manufacturing expenses	113,813,839.66	5.36%	89,552,659.64	5.96%	27.09%
Total of farming		2,124,251,939.55	100.00%	1,502,826,342.25	100.00%	41.35%

industry						
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Unit: RMB

By product	Item	2019		2018		Increase/decrease
		Amount	% of operating costs	Amount	% of operating costs	
Sales of feed	Material costs	33,027,101,264.23	95.02%	29,729,810,330.65	95.57%	11.09%
Sales of feed	Labour costs	493,259,024.87	1.42%	400,649,491.11	1.29%	23.11%
Sales of feed	Manufacturing expenses	1,239,282,995.49	3.57%	975,889,966.20	3.14%	26.99%
Total sales of feed		34,759,643,284.59	100.00%	31,106,349,787.96	100.00%	11.74%
Sales of animal healthcare products	Material costs	243,706,084.30	92.38%	235,330,337.68	94.38%	3.56%
Sales of animal healthcare products	Labour costs	8,933,962.63	3.39%	6,662,858.90	2.67%	34.09%
Sales of animal healthcare products	Manufacturing expenses	11,171,653.58	4.23%	7,363,367.62	2.95%	51.72%
Total sales of animal health products		263,811,700.51	100.00%	249,356,564.20	100.00%	5.80%
Sales of agricultural products	Material costs	1,798,900,558.11	84.68%	1,239,184,793.41	82.46%	45.17%
Sales of agricultural products	Labour costs	211,537,541.78	9.96%	174,088,889.20	11.58%	21.51%
Sales of agricultural products	Manufacturing expenses	113,813,839.66	5.36%	89,552,659.64	5.96%	27.09%
Total sales of agricultural products		2,124,251,939.55	100.00%	1,502,826,342.25	100.00%	41.35%
Trading business	Sales costs	5,043,647,623.86	100.00%	4,722,496,795.03	100.00%	6.80%
Total of trading business		5,043,647,623.86	100.00%	4,722,496,795.03	100.00%	6.80%
Others	Sales costs	32,057,368.59	100.00%	34,556,695.33	100.00%	-7.23%

Notes:

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

Yes  No

During the year, the scope of consolidation included 317 subsidiaries. For details, please refer to the Note 7 "Interests in other entities" in XII "Financial Report". The scope of consolidation of the Company in this year increased by 50 and reduced by 5 as compared with the last year. For details, please refer to the Note 6 "Change in scope of consolidation" in XII "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)	1,155,482,902.95
Total sales to top 5 customers as a percentage of the total sales for the year	2.43%
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	249,938,129.38	0.52%
2	No. 2	235,310,604.57	0.49%
3	No. 3	230,210,223.69	0.48%
4	No. 4	224,979,824.20	0.47%
5	No. 5	215,044,121.11	0.45%
Total	--	1,155,482,902.95	2.43%

Other explanation of major customers

Applicable  Not applicable

The top five customers of the Company are mainly customers of the trading business. The top five customers have no related

relationship with the Company. The Company's directors, supervisors, senior management, core technical personnel, shareholders holding more than 5% of shares, de facto controllers and other related parties do not have direct or indirect interest in the major customers. The top five customers accounted for 2.43% of total annual sales. The Company's sales revenue does not depend on single or top five customers.

#### Major suppliers of the Company

Total purchases from top 5 suppliers (RMB)	3,371,497,511.40
Total purchases from top 5 suppliers as a percentage of the total purchases for the year	8.12%
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	903,847,742.13	2.18%
2	No. 2	889,382,484.80	2.14%
3	No. 3	752,931,209.88	1.81%
4	No. 4	413,913,697.17	1.00%
5	No. 5	411,422,377.42	0.99%
Total	--	3,371,497,511.40	8.12%

#### Other explanation of major suppliers

Applicable  Not applicable

The top five suppliers of the Company have no related relationship with the Company. The Company's directors, supervisors, senior management, core technical personnel, shareholders holding more than 5% of shares, de facto controllers and other related parties do not have direct or indirect interest in the major suppliers. The top five suppliers accounted for 8.12% of total annual sales. The Company's sales revenue does not depend on single or top five suppliers.

### 3. Expenses

Unit: RMB

	2019	2018	Increase/ decrease	Reasons for material changes
Selling and distribution expenses	1,562,696,499.51	1,377,926,458.68	13.41%	Mainly due to the increase in sales service personnel and their salary and benefits, the expansion of the Company's operating scale, the



				increase in market development and promotional costs caused by new markets being put into operation and new products being put into the market
General and administrative expenses	1,190,746,169.15	967,112,552.40	23.12%	Mainly due to the expansion of the Company's operating scale, the increase in management personnel and their salary and benefits, and the increase in expenses on employee trainings
Financial expenses	211,949,889.53	219,052,330.92	-3.24%	A slight year-on-year decline, basically flat with last year
Research and development expenditure	416,009,959.72	309,167,320.66	34.56%	Mainly due to a higher expense on R&D materials, a higher number of R&D personnel and higher salaries for the R&D personnel in a bid to enhance the research and development

#### 4. Research and development expenditure

✓ Applicable  Not applicable

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

Research and development expenditure of the Company

	2019	2018	Percentage change
Research and development headcount	1,623	1,200	35.25%
Ratio of research and development personnel	7.81%	6.90%	0.91%
Research and development expenditure (RMB)	428,148,011.70	310,403,708.96	37.93%
Research and development expenditure to revenue	0.90%	0.74%	0.16%
Capitalized amount of research and development expenditure (RMB)	0.00	5,396,408.67	-100.00%
Capitalized research and development expenditure to research and development expenditure	0.00%	1.74%	-1.74%

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

Applicable  Not applicable

Research and development expenditure increased by 37.93% in 2019, representing a higher percentage in revenue. This is mainly because the Company continued to increase its expenditure on the basic elements of research and development, including personnel, equipment and materials, for long-term strategic development.

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

Applicable  Not applicable

The research and development projects within the Company were still in the research and development stage in the reporting period, and have not yet reached the conditions where they can be capitalized and transferred to intangible assets. That's why the capitalized research and development expenditure decreased by 100% in the current year compared to last year.

## 5. Cash flows

Unit: RMB

Item	2019	2018	Increase/ decrease
Sub-total of cash inflows from operating activities	50,517,055,726.03	42,570,025,344.23	18.67%
Sub-total of cash outflows from operating activities	47,270,075,020.95	41,534,261,337.90	13.81%
Net cash flows from operating activities	3,246,980,705.08	1,035,764,006.33	213.49%
Sub-total of cash inflows from investing activities	1,097,694,547.15	2,630,017,529.91	-58.26%
Sub-total of cash outflows from investing activities	3,214,662,629.47	4,635,569,493.87	-30.65%
Net cash flows from investing activities	-2,116,968,082.32	-2,005,551,963.96	-5.56%
Sub-total of cash inflows from financing activities	8,012,906,351.42	10,290,384,714.54	-22.13%
Sub-total of cash outflows from financing activities	9,500,550,393.79	8,550,331,518.38	11.11%
Net cash flows from financing activities	-1,487,644,042.37	1,740,053,196.16	-185.49%
Net increase in cash and cash equivalents	-333,902,151.08	783,892,200.49	-142.60%

Explanation on main effects of material changes

Applicable  Not applicable

1. Net cash flows from operating activities increased by 213.49% as compared to the corresponding period of the

prior year mainly due to higher operating income, profits, accounts receivable and inventory turnover efficiency.

2. Net cash flows from investing activities decreased by 5.56% as compared to the corresponding period of the prior year mainly due to the expansion of the Company's scale and the increase in fixed asset investments.

3. Net cash flows from financing activities decreased by 185.49% as compared to the corresponding period of the prior year mainly because the Company repaid certain medium and long-term loans in an adjustment to the financing structure according to its financing planning.

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 3,246.9807 million, which was RMB 1,457.4736 million more than the net income of RMB1,789.5071 million. The difference was mainly due to the increase in operating efficiency associated with accounts receivables, inventory turnover rate, etc.

### III. Analysis of Non-Principal Operations

Applicable  Not applicable

### IV. Analysis of Assets and Liabilities

#### 1. Material changes of asset items

The Company adopted the new accounting standards governing financial instruments, revenue and leases in 2019 for the first time, and adjusted the relevant financial statement items at the beginning of the year of adoption

Applicable  Not applicable

Unit: RMB

	As at the end of 2019		As at the beginning of 2019		Percentage change	Description of major changes
	Amount	As a percentage of total assets	Amount	As a percentage of total assets		
Cash at bank and on hand	1,849,735,912.84	9.81%	1,735,409,838.58	9.99%	-0.18%	At the end of the period, the percentage in total assets decreased by 0.18 percentage point, flat with the end of the prior year; and the balance increased by 6.59% year-on-year, which was mainly due to the increase in the scale of the Company's operations.
Accounts	1,021,751,432.56	5.42%	964,844,422.76	5.56%	-0.14%	At the end of the period, the percentage

receivable						in total assets decreased by 0.14 percentage point, and the balance increased by 5.90% year-on-year, which was mainly due to the increase in the scale of the Company's operations.
Inventories	4,463,319,035.43	23.67%	4,843,780,132.17	27.89%	-4.22%	At the end of the period, the percentage in total assets decreased by 4.22 percentage points, and the balance decreased by 7.85% year-on-year, which was mainly due to the decrease in stocking of raw materials used in production.
Investment properties	30,645,502.71	0.16%	46,397,156.64	0.27%	-0.11%	At the end of the period, the percentage in total assets decreased by 0.11 percentage point, and the balance decreased by 33.95% year-on-year, which was mainly due to the transfer of some leased-out properties to self-occupied fixed assets.
Long-term equity investments	62,614,691.35	0.33%	38,614,535.85	0.22%	0.11%	At the end of the period, the percentage in total assets increased by 0.11 percentage point; and the balance increased by 62.15% year-on-year, which was mainly due to the increase in investments in associates.
Fixed assets	6,298,328,342.41	33.41%	4,555,480,833.77	26.23%	7.18%	At the end of the period, the percentage in total assets increased by 7.18 percentage points, and the balance increased by 38.26% year-on-year, which was mainly due to the production capacity expansion projects under construction being completed, put into production and converted into fixed assets.
Construction in progress	657,751,195.76	3.49%	724,011,706.23	4.17%	-0.68%	At the end of the period, the percentage in total assets decreased by 0.68 percentage point, and the balance decreased by 9.15% year-on-year, which was mainly due to the projects under construction being completed, put into production and converted into fixed assets.

Short-term loans	3,020,892,004.18	16.02%	2,715,954,867.69	15.64%	0.38%	At the end of the period, the percentage in total assets increased by 0.38 percentage point, and the balance increased by 11.23% year-on-year, which was mainly due to the increase in short-term borrowings and the repayment of certain medium and long-term borrowings in an adjustment to the financing structure.
Long-term loans	821,661,042.98	4.36%	1,842,910,000.00	10.61%	-6.25%	At the end of the period, the percentage in total assets decreased by 6.25 percentage points, and the balance decreased by 55.42% year-on-year, which was mainly due to the repayment of certain medium and long-term borrowings.
Goodwill	349,068,366.52	1.85%	380,610,061.82	2.19%	-0.34%	At the end of the period, the percentage in total assets decreased by 0.34 percentage point, and the balance decreased by 8.29% year-on-year, which was mainly due to the allowances for impairment in certain goodwill.

Explanations on relevant data:

- As at the end of the reporting period, the book value of inventories of the Company was RMB 4,463.3190 million, which are mainly raw materials for production, merchandise inventories and consumptive biological assets. Inventory falling price reserves of RMB 12.1181 million have been sufficiently provided for certain inventory goods whose costs are lower than the net realizable value. The other inventory turnover is normal.
- As at the end of the reporting period, the book value of fixed assets of the Company was RMB 6,298.3283 million. Except that impairment provisions of RMB 0.9823 million have been sufficiently provided for certain buildings and finance lease fixed assets whose recoverable amounts are lower than the book value, the other fixed assets are in normal use and there has been no significant change in profitability.
- As at the end of the reporting period, the book value of goodwill of the Company was RMB 349.0684 million, representing 3.83% of the net assets attributable to the shareholders of the Company. At the end of the period, after the Company allocates goodwill to the relevant asset group and uses the financial forecast data approved by the management as the benchmark to predict future cash flows, the Company discounts the goodwill at discounted rate and calculates the present value of future cash flows from the related asset group after the allocation of goodwill. Upon calculation, except that the present values of the future cash flows of the asset groups of certain subsidiaries, both subsidiaries of the Company, were less than their book values and provisions of RMB 42.5903 million for impairment of goodwill were made, the goodwill of other asset groups did not show signs of impairment.

## 2. Assets and liabilities measured at fair value

√ Applicable  Not applicable

Unit: RMB

Item	Opening balance	Profit or loss from change in fair value during the period	Cumulative fair value change charged to equity	Impairment provided during the period	Purchases during the period	Disposal during the period	Other changes	Closing balance
Financial assets								
2. Derivative financial assets	49,672,592.73	-21,089,097.38						28,583,495.35
Sub-total of financial assets	49,672,592.73	-21,089,097.38						28,583,495.35
Others (note)	323,421,350.00				19,600,000.00	87,500,000.00		255,521,350.00
Total of the above	373,093,942.73	-21,089,097.38			19,600,000.00	87,500,000.00		284,104,845.35
Financial liabilities held for trading	46,271,790.00	43,638,280.00						2,633,510.00

Note: Non-current financial assets measured at fair value

Contents of other changes

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

 Yes  No

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

As at the end of the reporting period, the Company still had restricted assets of around RMB 24.5087 million, which were mainly land reclamation deposits, letter of credit deposits, deposits for customs duties and loan deposits.

## V. Analysis of Investments

### 1. Overview

 Applicable  Not applicable

Investments during the reporting period (RMB)	Investments during the corresponding period of prior year (RMB)	Change
1,336,744,184.76	1,232,329,580.75	8.47%

## 2. Material equity investments during the reporting period

Applicable  Not applicable

## 3. Material non-equity investments during the reporting period

Applicable  Not applicable

## 4. Financial assets measured at fair value

Applicable  Not applicable

Unit: RMB

Asset class	Initial investment cost	Profit or loss from change in fair value during the period	Cumulative fair value change charged to equity	Purchases during the period	Disposal during the period	Accumulative return on investment	Closing balance	Source of fund
Futures	2,942,875.00	7,207,904.50	0.00	0.00	0.00	0.00	10,150,779.50	Owned funds
Derivative financial assets	46,729,717.73	-28,297,001.88	0.00	0.00	0.00	0.00	18,432,715.85	Owned funds
Others (note)	323,421,350.00		0.00	19,600,000.00	87,500,000.00	9,550,737.01	255,521,350.00	Owned funds
<b>Total</b>	<b>373,093,942.73</b>	<b>-21,089,097.38</b>	<b>0.00</b>	<b>19,600,000.00</b>	<b>87,500,000.00</b>	<b>9,550,737.01</b>	<b>284,104,845.35</b>	<b>--</b>

Note: Non-current financial assets measured at fair value

## 5. Use of proceeds

Applicable  Not applicable

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

## VI. Disposal of Material Assets and Equity Interest

### 1. Disposal of material assets

Applicable  Not applicable

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

### 2. Disposal of material equity interest

Applicable  Not applicable

Transaction party	Equity interests disposed	Date of disposal	Selling price (RMB'0,000)	Amount contributed by the equity interests to net profit of the Company from period-beginning to date of disposal (RMB'0,000)	Effect of the disposal on the Company	Amount contributed by the sale to net profit of the Company as % of the Company's net profit (%)	Pricing principle	Related transaction or not	Relationship between transaction party and the Company	Ownership fully transferred or not	Executed as scheduled or not, if not, state reason and actions taken	Disclosure date	Index to disclosed information
Infore Holding Group Co., Ltd.	A 16.50% interest in Guangdong GF Hulian Micro-Loan Co., Ltd.	26 November 2019	8,688.27	379.5	No adverse impact	0.27%	According to net asset value	No	—	Yes	Yes	22 October 2019	Announcement No. 2019-074 on Disposal of Interest in Minority-Owned Enterprise disclosed on the designated media for information disclosure dated 22 October





Qinzhou Qinnan Yitun Ecological Agriculture Co., Ltd.	Newly established	No material effects on the results of the period
Guangzhou Shunkang Aquatic Farming Co., Ltd.	Newly established	No material effects on the results of the period
Vietnam Haibei Biotechnology Co., Ltd.	Newly established	No material effects on the results of the period
PT Hisenor Technology Indonesia	Newly established	No material effects on the results of the period
Tianjin Rongchuan Feed Co., Ltd.	Newly established	No material effects on the results of the period
Zhangzhou Haijing Marine Biotechnology Co., Ltd.	Newly established	No material effects on the results of the period
Zhanjiang Rongda Feed Co., Ltd.	Newly established	No material effects on the results of the period
Huainan Haid Bio-Feed Co., Ltd.	Newly established	No material effects on the results of the period
Maoming Haid Biotechnology Co., Ltd.	Newly established	No material effects on the results of the period
Binzhou Dingxin Farming Service Co., Ltd.	Newly established	No material effects on the results of the period
Guangzhou Ronghai Farming Technology Co., Ltd.	Newly established	No material effects on the results of the period
Hubei Haililiang Fertilizer Co., Ltd.	Newly established	No material effects on the results of the period
Sichuan Rongchuan Feed Co., Ltd.	Newly established	No material effects on the results of the period
Yulin Haid Feed Co., Ltd.	Newly established	No material effects on the results of the period
Zhongshan Ronghai Aquatic Farming Co., Ltd.	Newly established	No material effects on the results of the period
Sichuan Haile Agriculture and Animal Husbandry Co., Ltd.	Newly established	No material effects on the results of the period
Guangzhou Xingnong Ecological Agriculture and Animal Husbandry Development Co., Ltd.	Newly established	No material effects on the results of the period
Huayuan Yitun Ecological Agriculture Co., Ltd.	Newly established	No material effects on the results of the period
Guangzhou Haiyin Financing & Guaranty Co., Ltd.	Newly established	No material effects on the results of the period

Guangzhou Rongda Aquatic Technology Co., Ltd.	Newly established	No material effects on the results of the period
Haid Marino CIA.LTDA.	Newly established	No material effects on the results of the period
Qinzhou Hailong Feed Co., Ltd.	Newly established	No material effects on the results of the period
Linyi Bairong Aquatic Farming Co., Ltd.	Newly established	No material effects on the results of the period
Deyang Dachuan Biotechnology Co., Ltd.	Newly established	No material effects on the results of the period
Xinxing Haifeng Agriculture and Animal Husbandry Co., Ltd.	Newly established	No material effects on the results of the period
Huai'an Huilong Feed Co., Ltd.	Newly established	No material effects on the results of the period
Hainan Haid Biotechnology Co., Ltd.	Newly established	No material effects on the results of the period
Yiyuan Haiying Food Co., Ltd.	Newly established	No material effects on the results of the period
Liuzhou Haid Feed Co., Ltd.	Newly established	No material effects on the results of the period
Haid Egypt Co.,Ltd	Newly established	No material effects on the results of the period
Zhaoqing Ronghai Farming Technology Co., Ltd.	Newly established	No material effects on the results of the period
Sihong Haiding Feed Co., Ltd.	Newly established	No material effects on the results of the period
Junan Haiding Feed Co., Ltd.	Newly established	No material effects on the results of the period
Zouping Haiying Food Co., Ltd.	Newly established	No material effects on the results of the period
Yichang Zhihai Agriculture and Animal Husbandry Co., Ltd.	Newly established	No material effects on the results of the period
Zhanjiang Haijing Marine Biotechnology Co., Ltd.	Newly established	No material effects on the results of the period
Baojing Yitun Ecological Agriculture Co., Ltd.	Newly established	No material effects on the results of the period
Jiangmen Ronghai Farming Technology Co., Ltd.	Newly established	No material effects on the results of the period

Yingde Yitun Pig Farming Co., Ltd.	Newly established	No material effects on the results of the period
Gao'an Haid Biotechnology Co., Ltd.	Newly established	No material effects on the results of the period
Ruyuan Yitun Pig Farming Co., Ltd.	Newly established	No material effects on the results of the period
Linyi Haiding Farming Co., Ltd.	Newly established	No material effects on the results of the period
Hengnan Yitun Ecological Agriculture Co., Ltd.	Newly established	No material effects on the results of the period
Shanggao Haid Biotechnology Co., Ltd.	Newly established	No material effects on the results of the period
Hainan Haiwei Feed Co., Ltd.	Disposal of equity interests	No material effects on the results of the period
Zoucheng Mulian Zhongxing Ecological Agriculture Technology Co., Ltd.	De-registered	No material effects on the results of the period
Guangzhou Youju Feed Trading Co., Ltd.	De-registered	No material effects on the results of the period
Guangdong Mutai Biotechnology Co., Ltd.	De-registered	No material effects on the results of the period
Changzhou Hairong Aquatic Farming Service Specialized Cooperative Association	De-registered	No material effects on the results of the period

#### Description of major subsidiaries and investees

1. Guangdong Hinter Biotechnology Group Co., Ltd. is mainly engaged in feed premixture which are mainly sold to other internal branches and subsidiaries of the Company and other feed companies in the industry. The gross profit of the product is higher than that of the Company's compound feed products. During the reporting period, its revenue and profit were good and recorded a net income of RMB 517 million (including internal and external sales).

2. Qingyuan Haibei Bio-technology Co., Ltd. is mainly engaged in animal healthcare products and feed additives, which are mainly sold to internal feed companies, farmers and distributors. Its product gross margin is higher than that of the Company's compound feed products. During the reporting period, it recorded a net income of RMB 319 million (including internal and external sales).

### 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 period of 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 upgrading 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 Epidemic Diseases during Animal Production

The feed industry mainly serves the downstream animal feeding industry. The abnormal changes in natural elements such as precipitation and typhoon may lead to fluctuations of the inventory of livestock or aquatic products and even the large-scale outbreak of animal diseases. This thus affects the demand for feed and likely causes the risk of periodic and regional fluctuations of the latter. With the environmental changes and the expansion of animal production industry, human and animal epidemic diseases may also occur occasionally. For instance, the COVID-19 epidemic started to wreak havoc on the world in January 2020; the African swine fever virus broke out across China in August 2018; and PRRSV-mediated pig disease, shrimp-relevant EMS epidemic disease and poultry-relevant "H7N9" disease all occurred recently. The outbreak of animal diseases will directly inhibit the scale of animal production and reduce the demand for feed in the short term; major animal and human epidemic diseases may also lead to compulsory measures imposed by the government to restrict human and goods circulation to cut off the infection sources, which may dampen the demand from end-consumers, leading to a downturn of the animal production industry, and further affect the feed demand, giving rise to adverse effects on the production and operation of feed enterprises.

Risk management methods: (1) The Company is currently fully deploying factories and developing local markets in major areas in Southern China, Central China, Eastern China and Northern China and overseas markets in

Southeast Asia, etc. and the expansion of regional distribution can effectively cope with the risk of weather anomalies and natural disasters in local areas. (2) The Company's feed varieties cover pig feed, chicken feed, duck feed and other livestock feed and fish feed, shrimp feed and other aquatic feed. With a variety of products and a well-balanced structure, it can effectively deal with the risk of single breed species and has strong comprehensive anti-risk capability. (3) The Company has set up professional functional departments at its headquarters, and the Group has set up multiple regional / business divisions according to regions or business categories. 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 flat and professional management structure and an efficient management team enable the Company to allocate various resources in a timely manner during an epidemic, and make targeted arrangements for different businesses and regions.

## 2. Risk of Drastic Price Fluctuations of Major Raw Materials

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

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

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

## Regulations and Policies

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

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

## 4. Risk of Exchange Rate Fluctuations

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

Risk management methods: (1) Based on the business scale, business model, and settlement characteristics in different regions and countries, the Company strictly controls the exchange rate risks, carefully selects settlement currencies, and strives to achieve relatively balanced regional fund inflow and outflow through structural arrangements of financing sources and financing types; (2) The expansion of two-way fluctuations in the RMB exchange rate has become the new normal. The Company further enhances its awareness of foreign exchange risk



management, and arranges settlement models based on the procurement and sales strategies and cycle characteristics of import and export operations. And forward foreign exchange settlement and sale, swaps, foreign exchange options and other financial instruments are flexibly used to lock the exchange rate risks, control procurement and sales costs, and control the possible risk brought about by exchange rate fluctuations. (3) The Company sets up an overseas capital pool to achieve centralized management of foreign exchanges, increase the utilization efficiency of foreign exchanges, as well as reduce the risk of exchange rate fluctuations in the settlement and payment of exchanges. (4) In the overseas business operations, due to the high cost of exchange rate lock-in, the Company makes use of the high interest rates of the local currencies and makes term deposits properly for high interest income to offset the depreciation risk of the local currencies.

## 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
16 April 2019	By phone	Institution	For details, please refer to the Table of Investor Relations Activity Records of Guangdong Haid Group Co., Limited (2019-001) published on the website of www.cninfo.com.cn on 17 April 2019
6 May 2019	Field research	Institution	For details, please refer to the Table of Investor Relations Activity Records of Guangdong Haid Group Co., Limited (2019-002) published on the website of www.cninfo.com.cn on 8 May 2019
30 July 2019	By phone	Institution	For details, please refer to the Table of Investor Relations Activity Records of Guangdong Haid Group Co., Limited (2019-003) published on the website of www.cninfo.com.cn on 31 July 2019
21 October 2019	By phone	Institution	For details, please refer to the Table of Investor Relations Activity Records of Guangdong Haid Group Co., Limited (2019-004) published on the website of www.cninfo.com.cn on 23 October 2019
28 November 2019	Field research	Institution	For details, please refer to the Table of Investor Relations Activity Records of Guangdong Haid Group Co., Limited (2019-005) published on the website of www.cninfo.com.cn on 2 December

			2019
16 December 2019	Field research	Institution	For details, please refer to the Table of Investor Relations Activity Records of Guangdong Haid Group Co., Limited 2019-006) published on the website of www.cninfo.com.cn on 18 December 2019

## 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 2018 Profit Distribution Plan (《关于2018年度利润分配预案的议案》) as considered and approved at the 2018 annual general meeting convened on 6 May 2019, 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 27 June 2019, 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. 2017 annual dividend distribution plan of the Company

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

### 2. 2018 annual dividend distribution plan of the Company

Based on the Company's total share capital of 1,580,870,934 shares, a cash dividend of RMB 3.00 (tax inclusive) per 10 shares was distributed and total cash dividend distributed amounted to RMB 474,261,280.20. The remaining undistributed profits were carried forward to the following year.

### 3. 2019 annual dividend distribution plan of the Company

On 18 April 2020, the Proposal on 2019 Profit Distribution Plan (关于2019年度利润分配预案的议案) was considered and approved at the ninth meeting of the fifth session of the Board. The Company proposed to distribute RMB 3.5 (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 2019. 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 profits for the year attributable to shareholders of the Company in the consolidated financial statements during the year of distribution	As a percentage of net profits for the year attributable to shareholders of the Company in the consolidated financial statements	Amount of cash dividends distribution through other means (such as share repurchase)	As a percentage of net income attributable to ordinary shareholders of the Company in the consolidated financial statements	Total amount of cash dividends (including other means)	As a percentage of net profits for the year attributable to shareholders of the Company in the consolidated financial statements
2019 [Note]	553,125,122.90	1,648,762,579.59	33.55%	0.00	0.00%	553,125,122.90	33.55%
2018	474,390,280.20	1,437,281,732.28	33.01%	0.00	0.00%	474,390,280.20	33.01%
2017	395,378,588.50	1,207,225,209.35	32.75%	0.00	0.00%	395,378,588.50	32.75%

Note: According to the 2019 profit distribution plan of the Company as considered and approved at the ninth meeting of the fifth

session of the Board of the Company: The Company proposed to distribute RMB 3.50 (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 2019. According to the Company's total share capital of 1,580,357,494 shares as at 18 April 2020, the Company's 2019 annual cash dividend is expected to be RMB 553,125,122.90.

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

Applicable  Not applicable

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

Applicable  Not applicable

Numbers of bonus share per 10 shares (share(s))	0
Dividend distribution per 10 shares (RMB) (tax inclusive)	3.5
Conversion per 10 shares (share(s))	0
Share base of the distribution proposal (shares)	Total number of shares on the registration date when the plan is implemented in the future
Amount of cash dividend (RMB) (tax inclusive)	553,125,122.90
Amount of cash dividends distribution through other means (such as share repurchase) (RMB)	0.00
Total amount of cash dividends (including other means) (RMB)	553,125,122.90
Distributable profits (RMB )	3,068,374,960.79
Percentage of total amount of cash dividends (including other means) to total incomes distribution	100%
Cash dividend policy	
For profit distribution of companies which are in the growth period 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 Grant Thornton China (Special General Partnership), the Company (parent company) achieved a net income of RMB 1,156,770,766.52 and made provision for statutory surplus reserves of RMB 115,677,076.65, without allocation to discretionary revenue reserve in 2019. As at 31 December 2019, the profit available for distribution to shareholders amounted to RMB 3,068,374,960.79.	

Based on the good operating conditions and profitability in 2019, as well as the Company's business scale and future growth, the legitimate demands of investors and continuous return to shareholders, the Company formulated the 2019 annual profit distribution plan as follows: The Company proposed to distribute RMB 3.50 (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 2019. The remaining undistributed profits will be carried forward to the following year. In order to look after the shareholders' immediate and long-term interests in a better way on the premise of guaranteeing the Company's normal operations and long-term development, the Company put forward the above-mentioned profit distribution plan. The preparation of the above-mentioned profit distribution plan is in line with the Company Law and the Articles of Association, and the Dividend Distribution Plan of the Company for the Next Three Years (2019-2021) (《未来三年(2019-2021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 2019 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.

This proposal will be submitted to the 2019 annual general meeting for final approval.

### 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	<p>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.</p>	27 November 2009	Long term	In strict performance
	Hua Xue	Other undertaking	<p>1. I promise not to intervene in the Company's management activities, and not to encroach on the Company's interests. 2. Before the implementation of the Company's public offerings of convertible corporate bonds, if the China Securities Regulatory Commission (CSRC) makes other measures for filling returns and new regulatory provisions on their commitments, and the above commitments cannot meet the requirements of the CSRC, I promise to issue a supplementary commitment according to the latest regulations of the CSRC. 3. Commitments include effectively fulfilling the Company's commitment to fill in return and any other measures that I made to fill in return. If I violate these commitments and cause losses to the company or investors, I am willing to bear the compensatory liability of the Company</p>	6 August 2019	From 6 August 2019 to 18 March 2026	In strict performance

			or investors according to law.			
	Guangzhou Haihao Investment Co., Ltd.	Undertaking on horizontal competition, related party transaction and capital occupation	<p>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.</p> <p>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.</p>	27 November 2009	Long term	In strict performance
	Guangzhou Haihao Investment Co., Ltd.	Other undertaking	<p>1. Haihao Investment promises not to intervene in Haid Group's management activities, and not to encroach on its interests. 2. Before the implementation of Haid Group's public offerings of convertible corporate bonds, if the China Securities Regulatory Commission (CSRC) makes other measures for filling returns and new regulatory provisions on their commitments, and the above commitments cannot meet the requirements of the CSRC, Haihao Investment promises to issue a supplementary commitment according to the latest regulations of the CSRC. 3. Commitments include effectively fulfilling Haid Group's commitment to fill in return and any other measures that Haihao made to fill in return. If Haihao violates these commitments and causes losses to Haid Group or its</p>	6 August 2019	From 6 August 2019 to 18 March 2026	In strict performance



			investors, it is willing to bear the compensatory liability of Haid Group or its investors according to law.			
	Hua Xue, Li Tian, Yingzhuo Xu, Qi Cheng, Jianfang Gui, Jianguo He, Yunguo Liu, Guoxiang Liu, Xueqiao Qian, Shaolin Yang, Xiewu Jiang, Guocheng Mi, Zhongzhu Chen, Mingzhong Chen and Zhijian Huang	Other undertaking	<p>1. I promise not to transfer interests to other units or individuals for free or under unfair conditions, or in other way to damage company interests. 2. I promise to regulate personal business consumption behavior. 3. I promise not to use the Company's assets to engage in investment and consumption activities unrelated to the performance of my duties. 4. I promise that the salary system formulated by the board of directors or the remuneration and appraisal committee is linked to the implementation of the Company's return compensation measures. 5. I promise that the exercise conditions of equity incentive are linked to the implementation of the Company's return compensation measures. 6. From the date of issuance of this commitment to the date before the completion of this public issuance of convertible corporate bonds by the listed company, if China Securities Regulatory Commission makes other new regulatory provisions on return compensation measures and commitments, and the above commitments fail to meet the provisions of China Securities Regulatory Commission, I promise to issue supplementary commitments in accordance with the latest regulations of the China Securities Regulatory Commission at that time. 7. I promise to implement the Company's relevant return compensation measures and any commitments related to the return compensation measures I have made. If I violate these commitments and cause losses to the Company or investors, I shall bear the compensation</p>	6 August 2019	From 6 August 2019 to 18 March 2026	In strict performance

			responsibility to the Company or investors in accordance with the law.			
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	Expired
	Guangdong Haid Group Co., Limited	Other undertaking	The Company guarantees no provision of loans or financial assistance in other forms to the incentive targets for acquisition of relevant interests under the 2016 Restricted Shares Incentive Plan of Guangdong Haid Group Co., Limited (广东海大集团股份有限公司2016年限制性股票激励计划), including provision of guarantees for their loans.	15 February 2017	From 15 February 2017 to 23 March 2022	In strict performance
Other undertakings made to the Company's minority shareholders	Guangdong Haid Group Co., Limited	Dividend undertaking	Specific conditions, proportions and intervals of cash dividends: The following conditions shall be satisfied when the company makes distribution of cash dividends: (1) The profits and the accumulative distributable profit (i.e., tax after the Company makes up losses and make allocation to reserves) realized by the company in the year or half year is positive in value and the cash flow is sufficient. The distribution of cash dividend will not affect the Company's subsequent operations; (2) The auditor has issued a standard unqualified audit report on the Company's annual financial report (if the Company distributes the interim dividend, the auditor shall have issued a standard unqualified audit report on the Company's financial report for the previous year; (3) The Company has no	18 April 2016	From 18 April 2016 to 17 April 2019	Expired

			<p>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.</p>			
	Guangdong Haid Group Co., Limited	Dividend undertaking	<p>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</p>	6 May 2019	6 May 2019 to 5 May 2022	In strict performance

			<p>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.</p>			
	Hua Xue, Li Tian, Yingzhuo Xu, Xiaojun Shang, Chengping Lu, Xinchun Li, Erxuan Deng, Zhenxiong Qi, Jing Wang, Jia Chen, Mingzhong Chen, Xueqiao Qian, Shaolin Yang, Zhijian Huang	Undertaking on reduction of shareholding	In compliance with the laws and regulations governing shareholding reductions by directors, supervisors and senior management	27 November 2009	Long term	In strict performa nce
Whether undertakings	Yes					

performed on time	
Specific reasons why undertakings were not performed on time and next steps	Not applicable

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

✓ Applicable    □ Not applicable

Earnings forecast asset or project name	Forecast start time	Forecast end time	Expected results for the current period (RMB 0'000)	Actual results for the current period (RMB 0'000)	Reasons for failure to reach the forecast (if applicable)	Date of previous forecast disclosure	Index of previous forecast disclosure
Shandong Daxin Group Co., Ltd.	1 January 2017	31 December 2019	16,500	15,123.84	Daxin Group specializes in producing and marketing feed for pigs. The African swine fever had a material impact on Daxin Group. That's why it failed to fulfill the 2019 earnings undertaking.	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.
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Undertaking of the Company's shareholders and counterparties on operating results in reporting year

Applicable  Not applicable

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

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

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

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

According to the 2017 Audit Report of Shandong Daxin Group Co., Ltd. (山东大信集团有限公司2017年度审计报告) (Guang Kuai Shen Zi [2018] No. G17036521306) and the 2018 Audit Report of Shandong Daxin Group Co., Ltd. (山东大信集团有限公司2018年度审计报告) (Guang Kuai Shen Zi [2019] No. G18031440261) issued by GP Certified Public Accountants (Special General Partnership), as well as the 2019 Audit Report of Shandong Daxin Group Co., Ltd. (山东大信集团有限公司2019年度审计报告) (Grant Thornton Shen Zi (2020) No. 440FC0812) issued by the Guangzhou branch of Grant Thornton China (Special General Partnership), Daxin Group's 2017-2019 audited net income attributable to shareholders of the company was RMB 167.7250 million and the net income attributable to the shareholders of the company after excluding non-operating income or loss was RMB 151.2384 million. Therefore, Daxin Group has failed to fulfill the 2017-2019 earnings undertaking.

According to the aforesaid earnings undertaking, 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, that is,  $(165,000,000 - 151,238,400) / 230,000,000 * 298,776,000 - 0 = 17,876,700$ .

According to the way of payment of the earnings compensation as agreed upon by the Company and the undertaking party, the aforesaid compensation due from the undertaking party shall be deducted from the fifth installment of payment for equity transfer.

The completion of performance commitment and its influence on goodwill impairment test

The Company adopts the method of discounting the expected future cash flow to calculate the present value of future cash flow of related assets and the goodwill impairment after discounting at the pre tax discount rate by considering the risks of related assets in their industries and environment. In view of the completion of the performance commitments above, its future recoverable amount and budget data of Daxin Group, the Company has accrued RMB3.3284 million of goodwill impairment reserves for the goodwill formed by the acquisition of Daxin Group.

#### **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. For the changes in accounting policies and accounting estimates as compared to the financial report for the prior year, please refer to Note III, 35 in Part XII "Financial Report".
2. During the reporting period, the Company communicated properly with the former CPA firm GP Certified Public Accountants (SGP) regarding the change of CPA firm and obtained its understanding and support.

## 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

During the year, the scope of consolidation included 317 subsidiaries. For details, please refer to the Note 7 "Interests in other entities" in XII "Financial Report". The scope of consolidation of the Company in this year increased by 50 and reduced by 5 as compared with the last year. For details, please refer to the Note 6 "Change in scope of consolidation" in XII "Financial Report".

## IX. Engagement or Dismissal of Accounting Firms

Current accounting firm engaged

Name of the domestic accounting firm	Grant Thornton China (Special General Partnership)
Remuneration of the domestic accounting firm (RMB '0,000)	360
Continued term of service of the domestic accounting firm	1
Name of certified public accountants of the domestic accounting firm	Wenyuan Guan, Shuxia Zhang
Continued term of service of certified public accountants of the domestic accounting firm	Wenyuan Guan: 1 year Shuxia Zhang: 2 years
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

Whether to change the accounting firm during the audit

Yes  No

Whether the approval procedure was executed regarding the change of accounting firm



Yes  No

Detailed description of the reappointment and change of accounting firm

Through deliberation and approval of the 5<sup>th</sup> meeting of the 5<sup>th</sup> board of directors and the 4<sup>th</sup> extraordinary general meeting of shareholders in 2019, Grant Thornton China (Special General Partnership) was appointed as the audit institution of the Company in 2019. The board of directors audit committee of the Company has reviewed the qualification of Grant Thornton China (Special General Partnership) and found that it meets the relevant requirements for providing annual audit services for the Company, and agreed to appoint Grant Thornton China (Special General Partnership) as the Company's 2019 financial report audit institution. Grant Thornton China (Special General Partnership) is qualified to audit securities and futures related businesses with decades of experience and ability to provide audit services for listed companies, and it can meet the requirements of the Company's financial audit and related special audit work.

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

Applicable  Not applicable

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

Applicable  Not applicable

## **XI. Matters Related to Bankruptcy and Reorganisation**

Applicable  Not applicable

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

## **XII. Material Litigation and Arbitration**

Applicable  Not applicable

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

## **XIII. Punishment and Rectification**

Applicable  Not applicable

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

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

Applicable  Not applicable

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

Applicable  Not applicable

(I) Restricted Shares and Share Option Incentive Plan

## 1. Decision-making procedures and approval

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

(2) On 4 March 4 2015, the Company convened the thirteenth meeting of third session of the Board to consider and approve the Proposal Regarding Grant of Restricted Shares and Share Options to the Targets of the Restricted Shares and Share Option Incentive Plan of Guangdong Haid Group Co., Limited (《关于向<广东海大集团股份有限公司限制性股票与股票期权激励计划>激励对象授予限制性股票与股票期权的议案》), pursuant to which the Company granted 14,395,000 restricted shares to 168 targets of restricted shares incentives at the price of RMB 5.64 per share; 10,425,000 share options to 291 targets of share option incentives at the exercise price of RMB 11.41 per share with the grant date of 4 March 2015. The source of the underlying shares of the restricted shares and share options under the plan were the RMB denominated ordinary shares issued by the Company to the incentive targets by way of private placement. On 20 March 2015, the Company completed registration for grant of the above-mentioned restricted shares and share options.

## 2. Implementation during the reporting period

During the reporting period, the option incentive targets chose to exercise 76,950 options in the third exercise period of the Restricted Shares and Share Option Incentive Plan (《限制性股票与股票期权激励计划》). Together with the 12,900 options that were exercised at the end of last year but not yet registered, the share capital of the Company increased by 89,850 shares in total during the reporting period.

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

During the reporting period, the number of options exercised in the third exercise period of restricted shares and share option incentive plan was 76,950; as at the end of the reporting period, the unexercised share options under the Restricted Shares and Share Option Incentive Plan were 0.

## (II) 2016 Restricted Share Incentive Plan

### 1. Decision-making procedures and approval

(1) On 15 February 2017, the Company convened the 2017 first non-operating general meeting to consider and approve the 2016 Restricted Share Incentive Plan of Guangdong Haid Group Co., Limited (Revision) (广东海大集团股份有限公司2016年限制性股票激励计划(修订稿)) and its summary (hereinafter referred to as "2016

Restricted Share Incentive Plan") and the Proposal Regarding Authorisation of the Board of Directors at the General Meeting to Handle Matters Related to the 2016 Restricted Share Incentive Plan (《关于提请股东大会授权董事会办理公司2016年限制性股票激励计划相关事宜的议案》) and related resolutions, pursuant to which the Company was approved to issue no more than 46 million restricted shares to incentive targets by way of private placement of which 41,601,300 shares would be first granted to 1,484 incentive targets at the grant price of RMB 7.48 per share, and 4,398,700 restricted shares would be reserved.

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

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

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

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

## 2. Implementation during the reporting period

(1) The second unlocking period of the first grant and the first unlocking period of the reserve grant of the 2016

## Restricted Share Incentive Plan

On 13 April 2019, the Company convened the seventeenth meeting of the fourth session of the Board to consider and approve the Proposal on the Satisfaction of the Unlocking Conditions of the Restricted Share Incentive Plan (《关于股权激励计划符合解锁条件的议案》). The Board was of the view that the unlocking conditions had been satisfied for the second unlocking period of the first grant and for the first unlocking period of the reserve grant under the 2016 Restricted Share Incentive Plan (Revised) (《2016年限制性股票激励计划(修订稿)》) and thus approved the incentive targets to unlock the relevant shares as prescribed. In the second unlocking period of the first grant of the 2016 Restricted Share Incentive Plan (《2016年限制性股票激励计划》), the number of restricted shares available for listing and trading was 7,471,740; and in the first unlocking period of the reserve grant, the number of restricted shares available for listing and trading was 1,188,360.

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

On 13 April 2019, the Company convened the seventeenth meeting of the fourth session of the Board to consider and approve the Proposal Regarding Repurchase of Certain Restricted Shares for Cancellation (《关于回购注销部分限制性股票的议案》). Due to demission, termination of employment or failure to pass the 2018 annual personal performance appraisal of 28 incentive targets in the first grant of restricted shares and 18 incentive targets in the reserve grant, the Company was agreed to repurchase and cancel 309,400 restricted shares in the first grant and 120,600 restricted shares in the reserve grant that had been granted to the aforesaid incentive targets but had not yet reached the unlocking conditions. On 19 June 2019, the Company completed the repurchase for cancellation of the above-mentioned restricted shares.

On 18 October 2019, the Company convened the fifth meeting of the fifth session of the Board to consider and approve the Proposal on the Adjustment to the Repurchase Price of the Stock Incentive Plan (《关于调整股权激励计划回购价格的议案》). Due to the implementation of the Company's 2018 annual equity distribution, the Company was approved to adjust the repurchase price of the first granted restricted shares under the 2016 Restricted Share Incentive Plan (Revised) (《2016年限制性股票激励计划(修订稿)》) to RMB 6.63 per share, and adjust the repurchase price of the reserved restricted shares to RMB 9.89 per share.

On 18 October 2019, the Company convened the fifth meeting of the fifth session of the Board to consider and approve the Proposal Regarding Repurchase of Certain Restricted Shares for Cancellation (《关于回购注销部分限制性股票的议案》). Due to the dismissal or termination of employment of 29 restricted share incentive targets in the first grant and 14 restricted share incentive targets in the reserve grant, the Company was approved to repurchase for cancellation the 431,400 restricted shares in the first grant and the 82,040 restricted shares in the reserve grant of the above-mentioned incentive targets which had been granted but failed to satisfy the unlocking conditions. On 30 December 2019, the Company completed the repurchase for cancellation of 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

As at the end of the reporting period, the number of restricted shares which had been granted but not unlocked under the 2016 Restricted Share Incentive Plan was 24,701,140 shares.

In summary, during the reporting period, due to implementation of the 2016 Restricted Share Incentive Plan (2016年限制性股票激励计划), incentive targets chose to exercise 76,950 options; and the Company repurchased a total of 943,440 restricted shares for cancellation. As at the end of the reporting period, the Company had granted a total of 24,701,140 restricted shares which had not been unlocked.

(III) Explanations for other circumstances due to the implementation of the 2016 Restricted Share Incentive Plan (2016年限制性股票激励计划) during the reporting period

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

2. Explanation on changes in share capital caused by implementation of the 2016 Restricted Share Incentive Plan (2016年限制性股票激励计划).

During the reporting period, the total shares of the Company increased by 89,850 shares due to incentive targets' independent exercise of options; and decreased by 943,440 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 1,581,211,084 shares to 1,580,357,494 shares. For details of the changes, please refer to the I and II 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 information of changes in the number of incentive targets allowed to unlock restricted shares/exercise options, completion of performance indicators and other follow-up information and include the services obtained in the current period in the relevant costs or expenses and capital reserves at fair value of the restricted shares/exercise options on the grant date.

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

(IV) Employee Stock Ownership Plan for Core Team

1. On 15 February 2017, the Proposal Regarding the Employee Stock Ownership Plan for Core Team of Guangdong Haid Group Co., Limited (Revised) and Its Summary (《关于<广东海大集团股份有限公司核心团队成员持股计划(修订稿)>及其摘要的议案》) was approved at the first extraordinary general meeting of 2017, pursuant to which the Company was approved to prepare the Employee Stock Ownership Plan for Core Team of Guangdong Haid Group Co., Limited (Revised) (广东海大集团股份有限公司核心团队成员持股计划(修订稿)) (hereinafter referred to as the "Employee Stock Ownership Plan") in accordance with relevant laws and regulations. As such, the Employee Stock Ownership Plan would permanently exist and be launched each year unless determination as determined by the Stock Ownership Plan Management Committee and consideration and

approval by the Board and general meeting; and the Company would formulate specific plans under the Employee Stock Ownership Plan. It was agreed to set special funds of RMB12 million as the capital source for the First Plan of the Employee Stock Ownership Plan (hereinafter referred to as the “First Plan of the Stock Ownership Plan”). As at 21 March 2017, under the First Plan of the Stock Ownership Plan, "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 from the secondary market. On 29 December 2017, the vesting of the first vesting period of the above-mentioned purchased shares was completed, with 40% of these shares, i.e. 288,075 shares, being vested. On 29 December 2018, the vesting of the second vesting period of the above-mentioned purchased shares was completed, with 30% of these shares, i.e. 216,056 shares, being vested. On 31 December 2019, the vesting of the third vesting period of the above-mentioned purchased shares was completed, with 30% of these shares, i.e. 216,056 shares, being vested. As of 31 December 2019, the total 720,187 shares under the First Plan of the Stock Ownership Plan had been vested, with the vesting particulars in line with the First Plan of the Stock Ownership Plan. On 31 December 2019, the lockup period for the First Plan of the Stock Ownership Plan expired and the unlocking conditions had been satisfied. Therefore, starting from 31 December 2019, all the 720,187 shares under the First Plan of the Stock Ownership Plan have been allowed for trading.

As of the end of the reporting period, 720,187 shares were held under the First Plan of the Stock Ownership Plan, accounting for 0.05% of the then total share capital. During the reporting period, no change occurred to the holders of the First Plan of the Stock Ownership Plan and their holdings.

2. On 14 May 2018, the Proposal Regarding the Second Plan of the Employee Stock Ownership Plan for Core Team of Guangdong Haid Group Co., Limited and Its Summary (《关于<广东海大集团股份有限公司核心团队员工持股计划之二期计划>及其摘要的议案》) (hereinafter referred to as the “Second Plan of the Stock Ownership Plan”) was approved at the 2017 annual general meeting. As such, the Company was approved to implement the Second Plan of the Employee Stock Ownership Plan. A special fund of RMB38,511,460.57 would be established and the related employees would raise no more than RMB50,000,000. The total number of employees to participate in the Second Plan of the Stock Ownership Plan would be no more than 30, including 4 directors, supervisors and senior management, as well as no more than 26 other core personnel. As of 11 July 2018, the "GF Yuanchi • Haid Core No. 2 Targeted Asset Management Program" (广发原驰•海大核心2号定向资产管理计划) purchased 4,386,186 shares of the Company's stock from the secondary market for the Second Plan of the Stock Ownership Plan, of which 1,908,436 shares were purchased with the special fund. On 28 December 2018, the first vesting of the said shares purchased with the special fund was completed, with 40% of these shares, i.e. 763,374 shares, being vested; and on 31 December 2019, the second vesting of the said shares purchased with the special fund was completed, with 30% of these shares, i.e. 572,531 shares, being vested. And the shares purchased with the employees' self-raised capital would be vested on the third vesting day of the shares purchased with the special fund according to their payment percentage.

As of the end of the reporting period, 1,908,436 shares were held under the Second Plan of the Stock Ownership Plan, accounting for 0.12% of the then total share capital. During the reporting period, no change occurred to the holders of the Second Plan of the Stock Ownership Plan and their holdings.

3. On 6 May 2019, the Proposal Regarding the Third Plan of the Employee Stock Ownership Plan for Core Team of Guangdong Haid Group Co., Limited and Its Summary (《广东海大集团股份有限公司核心团队员工持股计划之三期计划》及其摘要的议案》) (hereinafter referred to as the “Third Plan of the Stock Ownership Plan”) was

approved at the 2018 annual general meeting. As such, the Company was approved to implement the Third Plan of the Employee Stock Ownership Plan. A special fund of RMB30,180,630.23 would be established as the capital source. The total number of employees to participate in the Third Plan of the Stock Ownership Plan would be no more than 30, including 4 directors, supervisors and senior management, as well as no more than 26 other core personnel. As of 4 November 2019, the "GF Yuanchi • Haid Core Employee Stock Ownership Plan No. 3 Single Asset Management Program" (广发原驰•海大核心员工持股计划3号单一资产管理计划) purchased 888,500 shares of the Company's stock from the secondary market for the Third Plan of the Stock Ownership Plan. On 31 December 2019, the first vesting of the said shares purchased with the special fund was completed, with 40% of these shares, i.e. 355,400 shares, being vested.

As of the end of the reporting period, 888,500 shares were held under the Third Plan of the Stock Ownership Plan, accounting for 0.06% of the then total share capital. During the reporting period, no change occurred to the holders of the Third Plan of the Stock Ownership Plan and their holdings.

## XVI. Significant Related Party Transactions

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

√ Applicable □ Not applicable

Related party	Related party relationship	Types of the related party transactions	Subject matter of the related party transactions	Pricing basis of the related party transactions	Price of related party transactions	Amount of related party transactions (RMB '0,000)	Percentage as the amount of similar transactions	Amount of transactions approved (RMB '0,000)	Whether exceeding approved cap	Settlement of related party transactions	Market price of available similar transaction	Disclosure date	Disclosure index
Foshan Haihang Xingfa Agriculture and Animal Husbandry Development Co., Ltd.	Associate	Sales of products and commodities	Sales of feed and other products	Market price	The price of each transaction shall be determined by both parties through negotiation based on the uniform	6,622.91	0.15%	6,210	Yes	On normal commercial terms or in accordance with relevant agreements	Not applicable	16 April 2019	Announcement on Day-to-day Related Party Transaction in 2019 (Announcement No. 2019-07) publish

					market price as quoted externally by the seller at the time of transaction.								ed on 16 April 2019 in the media designated for information disclosure
Guizhou Fuhai Chemical Co., Ltd.	Associate	Purchase of raw materials	Purchase of raw materials	Market price	The price of each transaction shall be determined by both parties through negotiation based on the uniform market price as quoted externally by the seller at the time of transaction.	11,653.47	0.28%	10,585	Yes	On normal commercial terms or in accordance with relevant agreements	Not applicable	16 April 2019	Announcement on Day-to-day Related Party Transaction in 2019 (Announcement No. 2019-007) published on 16 April 2019 in the media designated for information disclosure
Total				--	--	18,276.38	--	16,795	--	--	--	--	--
Particulars on refund of bulk sale				Not applicable									



Actual performance of day-to-day transactions to be conducted in the period for which the total transaction amount is estimated by categories during the reporting period (if any)	Not applicable
Reasons for large differences between transaction prices and market reference prices (if applicable)	Not applicable

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

Applicable  Not applicable

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

## 3. Related party transaction connected to joint external investment

Applicable  Not applicable

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

## 4. Related creditors' rights and debts transactions

Applicable  Not applicable

Whether there were related creditors' rights and debts for non-operating purposes

Yes  No

There were no related creditors' rights and debts for non-operating purposes of the Company during the reporting period.

## 5. Other significant related party transactions

Applicable  Not applicable

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

# XVII. Material Contracts and Implementation

## 1. Custody, contracting and leasing

### (1) Custody

Applicable  Not applicable

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

## (2) Contracting

Applicable  Not applicable

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

## (3) Leasing

Applicable  Not applicable

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

## 2. Significant guarantees

Applicable  Not applicable

### (1) Guarantees

Unit: RMB 0'000

External guarantees of the Company and its subsidiaries (excluding guarantees to subsidiaries)								
Name of obligee	Date of the related announcement disclosing the guarantee amount	Amount of guarantee	Guarantee date	Guarantee provided	Type of guarantee	Term	Fulfilled or not	Guarantee to related parties or not
Customers (such as farmers and dealers) of Jiangsu Haihe Agriculture and Animal Husbandry Co., Ltd.	27 April 2018	402.00	26 April 2018	-	Joint liability guarantee	1 year	Yes	No
Customers (such as farmers and dealers) of seven controlled subsidiaries including Hunan Haid Bio-Feed Co., Ltd.	28 June 2018	1,556.90	4 July 2018	544.11	Joint liability guarantee	1 year	No	No
Customers (such as farmers and dealers) for whom Shandong Haiding Agriculture and Animal Husbandry Co., Ltd.	26 October 2018	1,100.00	25 October 2018	232.54	Joint liability guarantee	1 year	No	No

provided guarantees								
Customers (such as farmers and dealers) of eleven controlled subsidiaries including Guangxi Haid Feed Co., Ltd.	16 April 2019	1,500.00	6 May 2019	822.70	Joint liability guarantee	1-3 years	No	No
Customers (such as farmers and dealers) of Nanchang Haid Biotechnology Co., Ltd.	22 October 2019	600.00	22 October 2019	161.00	Joint liability guarantee	1 year	No	No
Customers (such as farmers and dealers) of subsidiary	22 October 2019	1,500.00	18 October 2019	-	Joint liability guarantee	3 years	No	No
Customers (such as farmers and dealers) of subsidiary	26 November 2019	800.00	23 November 2019	-	Joint liability guarantee	1 year	Yes	No
Total external guarantees approved during the reporting period (A1)			4,400.00	Total actual external guarantees during the reporting period (A2)				1,760.35
Total external guarantees approved at the end of the reporting period (A3)			7,458.90	Total balance of actual external guarantees at the end of the reporting period (A4)				1,505.55
Guarantees between the Company and its subsidiaries								
Name of obligee	Date of the related announcement disclosing the guarantee amount	Amount of guarantee	Guarantee date	Guarantee provided	Type of guarantee	Term	Fulfilled or not	Guarantee to related parties or not
Sheng Long Bio-Tech International Co.,Ltd	27 April 2017	75,750	29 November 2017	2,792.58	Joint liability guarantee	2 years	Yes	No
Sheng Long Bio-Tech International Co.,Ltd	20 April 2018	99,389	7 May 2018	11,239.69	Joint liability guarantee	2 years	Yes	No
			2 July 2018	1,943.06	Joint liability guarantee	1 year	Yes	No
			23 July 2018	6,450.67	Joint liability guarantee	2 years	No	No

			21 December 2018	10,303.07	Joint liability guarantee	2 years	No	No
			25 April 2019	8,291.32	Joint liability guarantee	1 year	No	No
Sheng Long Bio-Tech International Co.,Ltd	16 April 2019	88,019	24 May 2019	3,633.9	Joint liability guarantee	2 years	No	No
			8 May 2019	16,290.39	Joint liability guarantee	1 year	No	No
Haid International Group Limited	27 October 2017	34,881	28 March 2018	34,881	Joint liability guarantee	7 years	No	No
Haid International Group Limited	20 April 2018	120,042	17 July 2018	6,278.58	Joint liability guarantee	2 years	No	No
			9 July 2018	12,093.03	Joint liability guarantee	1 year	Yes	No
			9 July 2018	6,976.2	Joint liability guarantee	1 year	Yes	No
			17 July 2018	13,952.4	Joint liability guarantee	2 years	Yes	No
Haid International Group Limited	29 August 2018	55,235.20	28 December 2018	15,347.64	Joint liability guarantee	2 years	Yes	No
			31 January 2019	15,228.26	Joint liability guarantee	1 year	No	No
			3 April 2019	6,976.2	Joint liability guarantee	3 months	Yes	No
			18 April 2019	2,092.86	Joint liability guarantee	3 months	Yes	No
Haid International Group Limited	16 April 2019	142,450	14 May 2019	10,464.3	Joint liability guarantee	2 months	Yes	No
			5 August 2019	2,790.48	Joint liability guarantee	3 months	Yes	No
			19 August 2019	3,488.1	Joint liability guarantee	1 month	Yes	No
			10 September 2019	10,464.3	Joint liability guarantee	6 months	No	No
			17 September 2019	4,185.72	Joint liability guarantee	6 months	No	No
			7 November 2019	2,790.48	Joint liability guarantee	3 months	No	No

Sheng Long Bio Tech(M)SDN. BHD	20 April 2018	700	25 September 2018	279.05	Joint liability guarantee	1 year	Yes	No
Sheng Long Bio Tech(M)SDN. BHD	16 April 2019	770	25 September 2019	279.05	Joint liability guarantee	1 year	No	No
Haid Feed Co.,Limited	27 April 2017	12,000	12 November 2017	1,795.2	Joint liability guarantee	2 years	Yes	No
			8 February 2018	256.38	Joint liability guarantee	2 years	Yes	No
	16 April 2019	16,184	22 November 2019	1,294.13	Joint liability guarantee	3 years	No	No
			27 December 2019	1,248.43	Joint liability guarantee	2 years	No	No
ShengLong Bio-Tech(India)Private Limited	20 April 2018	4,254	12 December 2018	1,271.6	Joint liability guarantee	2 years	Yes	No
	29 August 2018	7,700	19 April 2019	814.1	Joint liability guarantee	6 months	Yes	No
	16 April 2019	12,135	21 June 2019	1,760.68	Joint liability guarantee	1 year	No	No
			18 October 2019	1,535.48	Joint liability guarantee	6 months	No	No
			2 December 2019	684.71	Joint liability guarantee	3 years	No	No
Hai Duong Haid Company Limited	27 April 2017	8,250	30 November 2017	1,191.84	Joint liability guarantee	2 years	Yes	No
			17 April 2018	2,040.85	Joint liability guarantee	2 years	No	No
	20 April 2018	10,584	19 March 2019	490.98	Joint liability guarantee	2 years	No	No
	16 April 2019	10,250	15 August 2019	490.96	Joint liability guarantee	2 years	No	No
China Haida Feed Group (HK) Limited	16 April 2019	196,680	20 May 2019	1,466.9	Joint liability guarantee	2 years	No	No
PT.HAIDA AGRICULTURE INDONESIA	16 April 2019	3,850						
PT.HAIDA SURABAYA TRADING	16 April 2019	3,850						
Guangzhou Yitun Pig	29 June 2019	100,000	25 November	24,813.89	Joint liability	10 years	No	No

Industry Investment Co., Ltd.			2019		guarantee			
82 wholly-owned or controlled subsidiaries	16 April 2019	132,750	1 January 2019	127,832.31	Joint liability guarantee	1 year	No	No
Alaer Ruiliheng Biological Protein Co., Ltd.	26 November 2019	2,737.19	26 November 2019	2,737.19	Joint liability guarantee	2 years	No	No
Total amount of guarantee provided for subsidiaries approved during the reporting period (B1)			709,675.19	Total amount of guarantee provided for subsidiaries during the reporting period (B2)				381,237.96
Total amount of guarantee provided for subsidiaries approved as at the end of the reporting period (B3)			1,138,460.39	Total balance of guarantee provided for subsidiaries as at the end of the reporting period (B4)				178,304.35
Guarantees between subsidiaries								
Name of obligee	Date of the related announcement disclosing the guarantee amount	Amount of guarantee	Guarantee date	Guarantee provided	Type of guarantee	Term	Fulfilled or not	Guarantee to related parties or not
China Haida Feed Group (HK) Limited	16 April 2019	40,000	7 May 2019	1,008.35	Joint liability guarantee	1 year	No	No
China Haida Feed Group (HK) Limited	29 June 2019	10,000						
Sheng Long Bio-Tech International Co.,Ltd	29 June 2019	14,700						
Alaer Ruiliheng Biological Protein Co., Ltd.	26 November 2019	3,273.34	26 November 2019	0	Pledge	2 years	No	No
Total amount of guarantee between subsidiaries approved during the reporting period (C1)			67,973.34	Total amount of guarantee between subsidiaries during the reporting period (C2)				1,008.35
Total amount of guarantee between subsidiaries approved as at the end of the reporting period (C3)			67,973.34	Total balance of guarantee between subsidiaries as at the end of the reporting period (C4)				0
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)	782,048.53	Total amount of guarantee during the reporting period (A2+B2+C2)	384,006.66
Total amount of guarantee approved as at the end of the reporting period (A3+B3+C3)	1,213,892.63	Total balance of guarantee as at the end of the reporting period (A4+B4+C4)	179,809.90
The percentage of total amount of guarantee provided (i.e. A4+B4+C4) to the net assets of the Company		19.75%	
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)			34,627.69
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)			34,627.69
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

Notes:

- The guarantee amounts provided by subsidiaries for external parties are calculated according to the equity-holding percentages of the Company in those subsidiaries.
  - The foreign-currency guarantees in the table above are converted at the middle rate of exchange at the end of the reporting period.
- Details about composite guarantees

## (2) External guarantees against the rules and regulations

Applicable  Not applicable

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

## 3. Entrusted cash and asset management

### (1) Entrusted wealth management

Applicable  Not applicable

Entrusted wealth management during the reporting period

Unit: RMB 0'000

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

Please refer to the “Haid Group: Social Responsibility Report 2019” (《海大集团：2019年度社会责任报告》) disclosed by the Company on the media designated for information disclosure.

### 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 through industrial development

The Company always regards poverty alleviation as an important issue for the Company to fulfill its social responsibilities. In implementing the strategic layout, the Company gives priority to establishment of production bases in poor counties / districts / villages (hereinafter referred to as "Poverty-stricken Areas"). During the reporting period, the Company conducted investment in establishment of quite a number of subsidiaries and proactively pushed forward the construction and operation and the projects in several Poverty-stricken Areas including Huayuan County and Baojing County in the Tujia and Miao Autonomous Prefecture of Xiangxi of Hunan Province, and Shou County in Huainan City of Anhui Province. During the reporting period, the total assets of the business projects set up for poverty alleviation amounted to approximately RMB5.60 million.

During the reporting period, the Company, as always, proactively responded to the call of the Committee of the Communist Party of the Guangzhou Municipality and the Guangdong Province and the government of the Guangzhou Municipality for the counterpart support program. In order to carry out the "100 Enterprises Support 100 Villages" program of Qingyuan City, the leaders of subsidiary Qingyuan Haibei personally visited Woshui Village in Woshui Town of Liannan County on 3 December 2019 to explore effective approaches of poverty alleviation through industrial development. This was an effective move to help the poor village and the people there to develop their specialty industry and create jobs and to help them fight their own way out of poverty. The Company has fully fulfilled its social responsibility.

### 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 a "2019 Autumn Scholarships" event at Guihou Village in Yanxi Town of Changtai County of Zhangzhou of Fujian, providing scholarships of more than RMB50,000 for 25 poor students in the village (about RMB2,000 for each).

### 3) Proactively participating in social poverty alleviation activities

During the reporting period, the Company continued to implement the poverty alleviation planning of the national, provincial and municipal governments, and keep an eye on those in need. During the reporting period, the Company donated to poverty alleviation funds, helped targeted poor families, and donated to the government's poverty alleviation programs. It donated money and supplies of RMB416,500 to poverty-stricken areas in Guangxi Province, Fujian Province, etc., which were used to help alleviate poverty, improve education, improve the living environment, purchase social insurance, etc.

**(3) Targeted poverty alleviation achievements**

Indicators	Unit of measurement	Quantity/development situation
I. General information	—	—
Including: 1. Funds	RMB 0'000	41.65
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
2. Poverty elimination through shift of occupation	—	—
3. Poverty elimination through relocation	—	—
4. Poverty elimination through education	—	—
Including: 4.1 Input of funding poor students	RMB 0'000	5
4.2 Number of poor students funded	Number of people	25
5. Poverty alleviation through improvement in health	—	—
6. Poverty alleviation through ecological protection	—	—
7. Minimum guarantee	—	—
8. Social poverty alleviation	—	—
8.3 Input to poverty alleviation funds	RMB 0'000	0.5
9. Other projects	—	—
9.2 Input	RMB 0'000	36.15
III. Awards granted (description, level)	—	—
		Top 10 Chinese Listed Companies in Social Responsibility 2017 (Special Award for Contributions in Poverty Alleviation)
		Guangdong-Hong Kong-Macau Greater Bay Area Corporate Social Responsibility Award 2017—For Contributions in Targeted Poverty Alleviation
		Advanced Entity in the Poverty Alleviation Work of the Feed Industry in 2018

#### (4) Subsequent targeted poverty alleviation plan

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

### 3. Information on environmental protection

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

Yes

Name of the company or subsidiary	Names of major pollutants and characteristic pollutants	Discharge method	Outlet quantity	Outlet distribution	Emission concentration	Pollutant discharge standards	Total discharge	Total discharge approved	Excessive discharge
Zhuhai Rongchuan Feed Co., Ltd.(Zhuhai Rongchuan)	Exhaust gas: sulfur dioxide, nitrogen oxides, particles(others), dust, odor	Exhaust gas: organized discharge	3	Boiler exhaust gas outlet; dust outlet; soot exhaust gas outlet; exhaust gas outlet	Exhaust gas: Sulfur dioxide <50mg/m <sup>3</sup> ; nitrogen oxides <150mg/m <sup>3</sup> ; particles (others) <20 mg/m <sup>3</sup> ; dust <120.12 mg/m <sup>3</sup> ; odor (dimensionless) : 977	Emission Standard of Air Pollutants for Boiler (GB 13271-2014); Emission Limits of Air Pollutants (DB-44/27-2001) ; Emission Standards for Odor Pollutants(GB-14554-93)	Exhaust gas: <4,285.43 million m <sup>3</sup> /year	Exhaust gas: 4,285.43 million m <sup>3</sup> /year	No
Guangzhou Haiwei Feed Co., Ltd. (Guangzhou Haiwei)	Sewage: COD , BOD5, ammonia nitrogen, PH value, phosphate, animal and vegetable oils	Municipal pipe network	1	Total outlet	COD: 75.1 mg/l; PH value: 6.98; BOD5: 21.4 mg/L; suspended matter: 41 mg/L; ammonia nitrogen: 0.089 mg/L; phosphate: 0.04 mg/L; animal and vegetable oils < 0.04 mg/L	The discharge limits of water pollutants in Guangdong (DB-44/26-2001) the second time period second-level	Sewage: 4,800 tons/year	Sewage: 5,300 tons/year	No
	Sewage:	Municipal	1	Total	COD: 75.1 mg/l;	The discharge limits of water pollutants in	Sewage	Sewage	No

	COD , BOD5, ammonia nitrogen, PH value, phosphate, animal and vegetable oils	ipal pipe network		outlet	PH value: 6.98; BOD5: 21.4 mg/L; suspended matter: 41 mg/L; ammonia nitrogen: 0.089 mg/L; phosphate: 0.04 mg/L; animal and vegetable oils < 0.04 mg/L	Guangdong (DB-44/26-2001) the second time period second-level	e: 4,800 tons/year	ge: 5,300 tons/year	
	Exhaust gas: particles, sulfur dioxide, nitrogen oxides, carbon monoxide, lampblack, odor, soot	Discharge after sewage treatment	4	Boiler chimney, canteen chimney, workshop exhaust gas outlet	Particles: 20mg/m <sup>3</sup> ; sulfur dioxide: 6mg/m <sup>3</sup> ; nitrogen oxide: 90mg/m <sup>3</sup> ; soot: 0.14mg/m <sup>3</sup> ; ozone (dimensionless): 17; soot: 11mg/m <sup>3</sup>	Emission Standard of Air Pollutants for Boilers(DB-44/765-2010) gas standard; Emission Limits of Air Pollutants (DB-44/27-2001) the second time period second-level; Emission Standard of Cooking Fume(GB18483-2001); Emission Standards for Odor Pollutants	Exhaust gas: 50.82 million m <sup>3</sup> /year	Exhaust gas: 64.27 million m <sup>3</sup> /year	No
Guangzhou Dachuan Feed Co., Ltd.(Guangzhou Dachuan)	Sewage: COD , BOD5, ammonia nitrogen, PH value, suspended matter, animal and vegetable oils	Municipal pipe network	1	Sewage outlet	COD: 70-100mg/L; ammonia nitrogen: 24-25mg/L; PH value : 6-9; TP: <1mg/L; TA: 160-170mg/L	The Discharge Limits of Water Pollutants in Guangdong (DB-44/26-2001) the second time period first-level	Sewage : 3,800 tons/year	Sewage : 4,860 tons/year	No
	Exhaust gas: particles, sulfur dioxide, nitrogen oxides, carbon monoxide, odor	Discharge after sewage treatment	4	Boiler exhaust gas outlet; dust outlet; soot exhaust gas outlet;	COD: 10mg/L, BOD5: 3.7m /L, ammonia nitride: 0.05mg/L, PH value:7.86(dimensionless): suspended matter: 11mg/L0.12mg/L	Emission Standard of Air Pollutants for Boilers(DB-44/765-2010) gas standard; Emission Limits of Air Pollutants (DB-44/27-2001) the second time period second-level and concentration limits of unorganized emission monitoring point for the second time period; Emission Standard of Cooking Fume(GB18483-2001); Emission Standards for Odor Pollutants (GB14554-93) boundary second-level	Exhaust gas: 105 million m <sup>3</sup> ; odor: 6 tons/year	Exhaust gas: 1,586.205 million m <sup>3</sup> /year	No

				exhaust gas outlet				
Gaozhou Sanhe Animal Husbandry Co., Ltd. ("Gaozhou Sanhe")	Sewage: COD, ammonia nitrogen, BOD, TP, suspended matter	Discharge after sewage treatment	1	Sewage outlet COD: 80-100mg/L; ammonia nitride: 0.5-0.9mg/L; TP: 2.9mg/L; PH value: 6-7; TA:50-70mg/L	Pollutant Discharge Standards for Livestock and Poultry Farming Industry (DB44/613-2009)	127,700 tons	128,000 tons	No
Linxi County Haiying Food Co., Ltd.(Linxi Haiying)	Sewage: COD, ammonia nitride, BOD, TP, TN, PH, suspended matter, animal and vegetable oils, fecal coliform, anionic surfactant Exhaust gas: sulfur dioxide, nitrogen oxides, smoke blackness, particulate matter, odor concentration, hydrogen sulfide, ammonia	Sewage discharged into the municipal pipe network after reaching the standard Exhaust gas: organic discharge	6	1 sewage boilers, 2 exhaust gases COD: 100mg/L; BOD: 40mg/L; SS: 100mg/L; ammonia nitride: 20mg/L; TN: 40mg/L; TP: 3mg/L; PH value: 6-9; animal and vegetable oils: 20mg/L; sulfur dioxide: 10mg/m <sup>3</sup> ; nitrogen oxide: 30mg/m <sup>3</sup> ; particulate matter: 5mg/m <sup>3</sup> ; ammonia: 4.9kg/h; hydrogen sulfide: 0.33kg/h; odor concentration (dimensionless): 2000	Sewage: Secondary standard of Discharge standard of Water Pollutants for Meat Packing Industry (GB13457-1992); Exhaust gas: Emission standard of Air Pollutants for Boiler(GB13271-2014) (XQLB [2018] No. 91) Emission Standard for Odor Pollutants (GB14554-1993)	10.129 tons/year	10.129 tons/year	No

Construction and operation of pollution prevention and control facilities

1. During the reporting period, the Company's key pollutant discharging subsidiaries were all equipped with pollution prevention and control facilities as required and all environmental protection facilities were operating normally.
2. Gaozhou Sanhe's farms were equipped with pollution prevention and control facilities as required and all environmental protection facilities were operating normally.
3. In factories of Guangzhou Dachuan and Guangzhou Haiwei, the dust of waste gas is removed through cyclone separator and pulse dust collector, and its stench is removed by spray equipment. After the wastewater is treated by A2/o process, it is recycled to the spray tower. The waste residue is handed over to the unit with treatment qualification for unified recovery and treatment.
4. Zhuhai Rongchuan adopts other environmental-protection process according to its own production situation: the dust of waste gas is removed through cyclone separator and pulse dust collector, and its stench is removed by chemical dosing spray equipment. After the wastewater is treated by air flotation and biochemical treatment, it is recycled to the spray tower, which can save water resources.
5. Linxi Haiying adopts the spray tower, activated carbon and hotocatalysis to handle the waste gas effectively, which reduces the content of ammonia and hydrogen sulfide in the waste gas.

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

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

#### Emergency plan for emergent environmental incidents

The Company has formulated the Measures for Management of Safety and Environmental Protection Incidents (安全环保事故事件管理办法) in 2018 to standardize the Company's safety and environmental accident reporting and investigation procedures and enhance the level of accident management. Meanwhile, as per the rules for the prevention of pollution and other public hazards in the Environmental Protection Law of the People's Republic of China, an emergency plan system for urgent environmental incidents has also be formulated and filed with the environmental protection and other related administrations.

## Self-monitoring program for environment

In accordance with national or local standards for pollutant discharge (control), environmental impact assessment reports and official replies, and technical specification requirements of environment monitoring, the Company formulates self-monitoring plans and designates special personnel to carry out routine monitoring, including the monitoring of the discharge of water pollutants and atmospheric pollutants.

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

1. During the Reporting Period, Guangzhou Dachuan appointed Guangzhou Delong Environmental Testing Technology Co., Ltd., a third-party independent institution to carry out monitoring on the Particulate matter, gaseous pollutants and odor. The monitoring report with the No. DL201905-A0603 was produced, proving that the results met the standards.

2. During the Reporting Period, Guangzhou Haiwei appointed Guangdong Anna Testing Technology Co., Ltd., a third-party independent institution to test the ammonia, hydrogen sulfide, methylmercaptan, methylsulfide, dimethyl disulfide and odor. The test report with the Ana Test (2019) No. 121608 was produced, proving that the results met the standards.

3. During the Reporting Period, Zhuhai Rongchuan appointed Guangdong Sigor Testing Technology Co., Ltd., a third-party independent institution to test the particles, hydrogen sulfide, ammonia, trimethylamine. The test report with the No. SGT-HJ19070401a was produced, proving that the results met the standards.

4. During the Reporting Period, Linxi Haiying appointed Hebei Jingding Environmental Monitoring Co., Ltd. a third-party independent institution to test the concentrations of sulfur dioxide, nitrogen oxide, particulate matter, smoke blackness and the PH value of wastewater, COD, ammonia nitrogen, TP, TN, SS, animal and vegetable oils, BODS, fecal coliform number, anionic surfactant. The test report with the 2019(environment) No. 0245 was produced, proving that results met the standards.

## Other environmental information that should be disclosed

None

## Others information on environmental protection

None

## **XIX. Other Matters of Significance**

Applicable  Not applicable

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

## **XX. Matters of Significance of Subsidiaries of the Company**

Applicable  Not applicable



## Section VI. Share Changes and Shareholder Information

### I Share Changes

#### 1. Share Changes

Unit: share

	Before		Increase/decrease in Reporting Period (+/-)					After	
	Shares	Percentage (%)	New issue	Shares as dividend converted from retained earnings	Shares as dividend converted from capital reserves	Other	Subtotal	Shares	Percentage (%)
1. Restricted shares	36,447,514	2.31%				-9,582,525	-9,582,525	26,864,989	1.70%
1.3 Shares held by other domestic investors	36,447,514	2.31%				-9,582,525	-9,582,525	26,864,989	1.70%
2. Non-restricted shares	1,544,763,570	97.69%	89,850			8,639,085	8,728,935	1,553,492,505	98.30%
2.1 RMB common shares	1,544,763,570	97.69%	89,850			8,639,085	8,728,935	1,553,492,505	98.30%
3. Total shares	1,581,211,084	100.00%	89,850			-943,440	-853,590	1,580,357,494	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 reporting period, 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 76,950 share options in the third exercise period. The number of the share options that awardees chose to exercise but were unregistered was 12,900 as at the end of last year. As such, the Company's total shares increased by 89,850 shares.

3. Certain restricted shares were repurchased and cancelled under the 2016 Restricted Share Incentive Plan (Revised) (《2016 年限制性股票激励计划 (修订稿)》).

(1) As certain awardees of the 2016 Restricted Share Incentive Plan (Revised) (《2016 年限制性股票激励计划 (修订稿)》) had resigned, been dismissed or failed in their individual performance appraisals of 2018, among others, the Company repurchased and cancelled a total of 430,000 restricted shares that had been granted to the said awardees but failed to meet the unlocking conditions. On 16 April 2019, 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. 2019-012) and publicized the capital decrease matter for 45 days. As of 5 June 2018, the Company had returned a total of RMB 3,373,056.00 to the relevant awardees in cash, thus reducing the share capital by RMB 430,000.00 and the capital reserves by RMB 2,943,056.00. This decrease in capital was verified by GP Certified Public Accountants (LLP), which issued the Capital Verification Report GHYZ [2019] No. G18031441713 (广会验字[2019]G18031441713 号《验资报告》). On 19 June 2019, 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 430,000 shares.

(2) As certain awardees of the 2016 Restricted Share Incentive Plan (Revised) (《2016 年限制性股票激励计划 (修订稿)》) had resigned or been dismissed, among others, the Company repurchased and cancelled a total of 513,440 restricted shares that had been granted to the said awardees but failed to meet the unlocking conditions. On 22 October 2019, 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. 2019-070) and publicized the capital decrease matter for 45 days. As of 16 December 2019, the Company had returned a total of RMB 3,671,557.60 to the relevant awardees in cash, thus reducing the share capital by RMB 513,440.00 and the capital reserves by RMB 3,158,117.60. This decrease in capital was verified by Grant Thornton China (Special General Partnership), which issued the Capital Verification Report ZTYZ [2019] No. 440ZC0270 (致同验字(2019)第 440ZC0270 号《验资报告》). On 30 December 2019, 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 513,440 shares.

After all the changes above, the Company's total shares have changed from 1,581,211,084 shares to 1,580,357,494 shares.

Approval of share changes:

Applicable  Not applicable

1. On 13 April 2019, the Proposal on Repurchase and Cancellation of Certain Restricted Shares (《关于回购注销部分限制性股票的议案》) was reviewed and approved at the Seventeenth Meeting of the Company's Fourth Board. As 18 awardees of restricted shares and 18 awardees of reserved restricted shares in the first grant had resigned, been dismissed or failed to pass the personal performance appraisals of 2018, among others, the Company was agreed to repurchase and cancel 309,400 restricted shares in the first grant and 120,600 reserved restricted shares that had been granted to these awardees but failed to meet the unlocking conditions. And the

Proposal on Repurchase and Cancellation of Certain Restricted Shares (《关于回购注销部分限制性股票的议案》) has been reviewed and approved at the 2018 Annual General Meeting.

2. On 18 October 2019, the Proposal on Repurchase and Cancellation of Certain Restricted Shares (《关于回购注销部分限制性股票的议案》) was reviewed and approved at the Fifth Meeting of the Company's Fifth Board. As 29 awardees of restricted shares and 14 awardees of reserved restricted shares in the first grant had resigned or been dismissed, among others, the Company was agreed to repurchase and cancel 431,400 restricted shares in the first grant and 82,040 reserved restricted shares that had been granted to these awardees but failed to meet the unlocking conditions. And the Proposal on Repurchase and Cancellation of Certain Restricted Shares (《关于回购注销部分限制性股票的议案》) has been reviewed and approved at the Fourth Extraordinary General Meeting of 2019.

Transfer of share ownership:

Applicable  Not applicable

Implementation progress of any share repurchase:

Applicable  Not applicable

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

Applicable  Not applicable

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

Applicable  Not applicable

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

Applicable  Not applicable

## 2. Change in Restricted Shares

Applicable  Not applicable

Unit: share

Shareholder	Opening restricted shares	Increased in Reporting Period	Unlocked in Reporting Period	Closing restricted shares	Reason for lockup	Date of unlocking
Li Tian	1,347,905	31,480		1,379,385	Shares in lockup due to her senior management position: 31,480 restricted shares were transferred to her shares in lockup due to her senior management position upon being unlocked during the reporting period.	Not applicable
Li Tian	125,920		31,480	94,440	Restricted shares: 31,480 restricted shares were unlocked	30 April 2019

					during the reporting period.	
Xueqiao Qian	251,675	22,300		273,975	Shares in lockup due to his senior management position: 22,300 restricted shares were transferred to his shares in lockup due to his senior management position upon being unlocked during the reporting period.	Not applicable
Xueqiao Qian	89,200		22,300	66,900	Restricted shares: 22,300 restricted shares were unlocked during the reporting period.	30 April 2019
Shaolin Yang	241,140	22,440	82,725	180,855	Shares in lockup due to his senior management position: 1. The shares in lockup due to his senior management position decreased by 82,725 shares upon the recalculation of his transferable shares in the year according to his shareholdings on 1 January 2019; 2. 22,440 restricted shares were transferred to his shares in lockup due to his senior management position upon being unlocked during the reporting period.	Not applicable
Shaolin Yang	89,760		22,440	67,320	Restricted shares: 22,440 restricted shares were unlocked during the reporting period.	30 April 2019
Zhijian Huang	302,114	27,520		329,634	Shares in lockup due to his senior management position: 27,520 restricted shares were transferred to his shares in lockup due to his senior management position upon being unlocked during the reporting period.	Not applicable
Zhijian Huang	110,080		27,520	82,560	Restricted shares: 27,520 restricted shares were unlocked during the reporting period.	30 April 2019
Zhongzhu Chen	465,700		130,530	335,170	Restricted shares: 130,530 restricted shares were unlocked during the reporting period.	Not applicable
Qi Cheng	100,000		30,000	70,000	Restricted shares: 70,000 restricted shares were unlocked	Not applicable

					during the reporting period.	
Xiewu Jiang	89,040		22,260	66,780	Restricted shares: 22,260 restricted shares were unlocked during the reporting period.	Not applicable
Guoxiang Liu	500,700		140,530	360,170	Restricted shares: 140,530 restricted shares were unlocked during the reporting period.	Not applicable
Guocheng Mi	492,680		138,920	353,760	Restricted shares: 138,920 restricted shares were unlocked during the reporting period.	Not applicable
Other restricted share awardees than senior management	32,241,600		9,037,560	23,204,040	Restricted shares: 1. A total of 8,094,120 restricted shares were unlocked during the reporting period; 2. A total of 943,440 restricted shares were repurchased and cancelled during the reporting period.	30 April 2019
<b>Total</b>	<b>36,447,514</b>	<b>103,740</b>	<b>9,686,265</b>	<b>26,864,989</b>	<b>--</b>	<b>--</b>

## 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. As certain awardees of the 2016 Restricted Share Incentive Plan (Revised) (《2016 年限制性股票激励计划(修订稿)》) had resigned, been dismissed or failed in their individual performance appraisals of 2018, among others, the Company repurchased and cancelled a total of 430,000 restricted shares that had been granted to the said awardees but failed to meet the unlocking conditions. On 16 April 2019, 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. 2019-012) and publicized the capital decrease matter for 45 days. As of 5 June 2019, the Company had returned a total of RMB 3,373,056.00 to the relevant awardees in cash, thus reducing the share capital by RMB 430,000.00 and the capital reserves by RMB 2,943,056.00. This decrease in capital was verified by GP Certified Public Accountants (LLP), which issued the Capital Verification Report GHYZ [2019] No. G18031441713 (广会验字[2019]G18031441713 号《验资报告》). On 19 June 2019, 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 430,000 shares.

2. As certain awardees of the 2016 Restricted Share Incentive Plan (Revised) (《2016 年限制性股票激励计划(修订稿)》) had resigned or been dismissed, among others, the Company repurchased and cancelled a total of 513,440 restricted shares that had been granted to the said awardees but failed to meet the unlocking conditions. On 22 October 2019, 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. 2019-070) and publicized the capital decrease matter for 45 days. As of 16 December 2019, the Company had returned a total of RMB 3,671,557.60 to the relevant awardees in cash, thus reducing the share capital by RMB 513,440.00 and the capital reserves by RMB 3,158,117.60. This decrease in capital was verified by Grant Thornton China (Special General Partnership), which issued the Capital Verification Report ZTYZ [2019] No. 440ZC0270 (致同验字(2019)第 440ZC0270 号《验资报告》). On 30 December 2019, 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 513,440 shares.

After all the changes above, the Company's total shares have changed from 1,581,211,084 shares to 1,580,357,494 shares.

### 3. Existing Staff-Held Shares

Applicable  Not applicable

## III Shareholders and Actual Controller

### 1. Shareholders and Their Shareholdings at Period-End

Unit: share

Common shareholders at period-end	12,026	Common shareholders at month-end prior to disclosure of this Report	13,077	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	57.62%	910,589,359	-	910,589,359	Pledged	39,609,000
Hong Kong Securities Clearing Company Ltd.	Foreign juridical person	4.55%	71,913,313	31,712,097	71,913,313		
Norges Bank – Proprietary Fund	Foreign juridical person	1.43%	22,648,217	-8,965,574	22,648,217		
Industrial and Commercial Bank of China – Invesco Great Wall Newly Growth Mixed Securities Investment Fund	Other	1.27%	19,999,922	5,766,719	19,999,922		
Central Huijin Asset Management Ltd.	State-owned juridical person	1.09%	17,187,600	-	17,187,600		
Abu Dhabi Investment Authority	Foreign juridical person	0.72%	11,329,254	1,906,105	11,329,254		
Bank of China – Invesco Great Wall Dingyi Mixed Securities Investment Fund (LOF)	Other	0.70%	11,110,000	-720,000	11,110,000		
National Social Security Fund Portfolio 118	Other	0.52%	8,176,608	2,965,218	8,176,608		
National Social Security Fund Portfolio 104	Other	0.49%	7,741,475	7,741,475	7,741,475		
Basic Endowment Insurance Fund Portfolio 1001	Other	0.46%	7,270,479	4,449,624	7,270,479		
Strategic investor or general juridical person becoming top-10 shareholder due to placing of new shares (if any) (see note 3)		N/A					

Related or acting-in-concert parties among shareholders above	Among the top 10 shareholders above, the first shareholder is the controlling shareholder of the Company, which is neither a related party nor an acting-in-concert party to the other shareholders. It is unknown whether there is, among the other shareholders, any acting-in-concert party as defined in the Administrative Measures On Acquisition Of Listed Companies (《上市公司收购管理办法》) or any related party.		
Top 10 non-restricted shareholders			
Name of shareholder	Non-restricted shares held at period-end	Type of shares	
		Type	Shares
Guangzhou Haihao Investment Co., Ltd.	910,589,359	RMB common stock	910,589,359
Hong Kong Securities Clearing Company Ltd.	71,913,313	RMB common stock	71,913,313
Norges Bank – Proprietary Fund	22,648,217	RMB common stock	22,648,217
Industrial and Commercial Bank of China—Invesco Great Wall Newly Growth Mixed Securities Investment Fund	19,999,922	RMB common stock	1,999,992
Central Huijin Asset Management Ltd.	17,187,600	RMB common stock	17,187,600
Abu Dhabi Investment Authority	11,329,254	RMB common stock	11,329,254
Bank of China—Invesco Great Wall Dingyi Mixed Securities Investment Fund (LOF)	11,110,000	RMB common stock	11,110,000
National Social Security Fund Portfolio 118	8,176,608	RMB common stock	8,176,608
National Social Security Fund Portfolio 104	7,741,475	RMB common stock	7,741,475
Basic Endowment Insurance Fund Portfolio 1001	7,270,479	RMB common stock	7,270,479
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)	As at the end of the reporting period, the Company's controlling shareholder Guangzhou Haihao Investment Co., Ltd. held 6,000,000 shares in the Company in its client account of collateral securities for margin trading. Except for that, other shareholders of the top 10		



	common shareholders were not engaged in margin trading.
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Indicate by tick mark whether any of the top 10 common shareholders or the top 10 non-restricted common shareholders of the Company conducted any promissory repo during the Reporting Period.

Yea  No

No such cases in the Reporting Period.

## 2. Controlling Shareholder

Nature of controlling shareholder: Controlled by a natural person

Type of controlling shareholder: Juridical person

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

Change of the controlling shareholder during the Reporting Period:

Applicable  Not applicable

No such cases in the Reporting Period.

## 3. Actual Controller

Nature of actual controller: Domestic natural person

Type of actual controller: Natural person

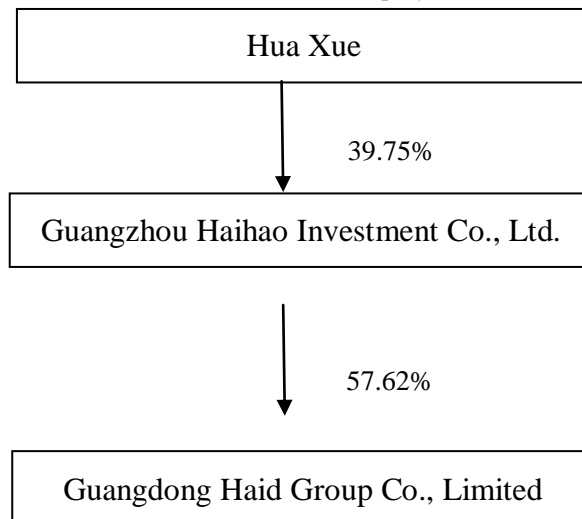
Name of actual controller	Relationship with actual controller	Nationality	Right of residence in other countries or regions
Hua Xue	Himself	Chinese	None
Main office titles	Chairman of the Board, General Manager		
Used-to-be-holding listed companies at home and abroad in past 10 years	N/A		

Change of the actual controller during the Reporting Period:

Applicable  Not applicable

No such cases in the Reporting Period.

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



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

Applicable  Not applicable

#### 4. Other 10% or Greater Juridical-Person Shareholders

Applicable  Not applicable

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

Applicable  Not applicable

## Section VII. Preferred Shares

Applicable  Not applicable

No preferred shares in the Reporting Period.

## Section VIII. Convertible Corporate Bonds

Applicable  Not applicable

No convertible corporate bonds in the Reporting Period.

## Section IX. 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	50	June 6, 2007	July 16, 2022					
Hua Xue	President (General Manager)	Incumbent	Male	50	May 25, 2010	July 16, 2022					
Yingzhuo Xu	Vice Chairman of the Board	Incumbent	Male	52	June 6, 2007	July 16, 2022					
Yingzhuo Xu	Vice General Manager	Former	Male	52	June 6, 2007	July 16, 2019					
Li Tian	Director	Incumbent	Female	48	June 7, 2016	July 16, 2022	1,965,100				1,965,100
Li Tian	Vice General Manager	Former	Female	48	June 6, 2007	July 16, 2019					
Qi Cheng	Director	Incumbent	Male	40	July 16, 2019	July 16, 2022	70,000				70,000
Qi Cheng	Executive Vice President (Vice General Manager)	Incumbent	Male	40	July 16, 2019	July 16, 2022					
Jianfang Gui	Independent Director	Incumbent	Male	64	July 16, 2019	July 16, 2022					
Jianguo	Independent	Incumbent	Male	58	July 16, 2019	July 16,					

He	Director	t				2022					
Yunguo Liu	Independent Director	Incumbent	Male	54	July 16, 2019	July 16, 2022					
Xiaojun Shang	Director	Former	Female	47	May 25, 2010	July 16, 2019					
Chengping Lu	Independent Director	Former	Male	75	November 13, 2015	July 16, 2019					
Xinchun Li	Independent Director	Former	Male	58	August 21, 2013	July 16, 2019					
Erkang Deng	Independent Director	Former	Female	52	August 21, 2013	July 16, 2019					
Zhenxiang Qi	Supervisor	Incumbent	Male	50	June 6, 2007	July 16, 2022					
Jing Wang	Supervisor	Incumbent	Female	41	May 12, 2014	July 16, 2022					
Jia Chen	Supervisor	Incumbent	Female	38	August 21, 2013	July 16, 2022					
Guoxiang Liu	Vice President (Vice General Manager)	Incumbent	Male	52	July 16, 2019	July 16, 2022	360,170				360,170
Xueqiao Qian	Vice President (Vice General Manager)	Incumbent	Male	53	July 16, 2019	July 16, 2022	454,500				454,500
Xueqiao Qian	Chief Engineer	Incumbent	Male	53	June 6, 2007	July 16, 2022					
Shaolin Yang	Vice President (Vice General Manager)	Incumbent	Male	46	July 16, 2019	July 16, 2022	330,900				330,900
Shaolin Yang	Chief Financial	Incumbent	Male	46	October 22, 2012	July 16, 2022					

Officer											
Xiewu Jiang	Vice President (Vice General Manager)	Incumbent	Male	52	July 16, 2019	July 16, 2022	66,780				66,780
Guocheng Mi	Vice President (Vice General Manager)	Incumbent	Male	48	July 16, 2019	July 16, 2022	431,600				431,600
Zhongzhu Chen	Vice President (Vice General Manager)	Incumbent	Male	50	July 16, 2019	July 16, 2022	335,170				335,170
Mingzhong Chen	Vice President (Vice General Manager)	Incumbent	Male	55	June 6, 2007	July 16, 2022					
Zhijian Huang	Vice President (Vice General Manager) and Board Secretary	Incumbent	Male	42	July 26, 2012	July 16, 2022	549,592		137,348		412,244
Total	--	--	--	--	--	--	4,563,812	0	137,348	0	4,426,464

Notes:

- 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.
- The opening shareholdings of Mr. Qi Cheng, Mr. Guoxiang Liu, Mr. Xiewu Jiang, Mr. Guocheng Mi and Mr. Zhongzhu Chen refer to their shareholdings at the date when they were elected/appointed as directors of the fifth Board or senior management of the Company (July 26, 2019). Accordingly, the increases/decreases in their shareholdings in the reporting period refer to such increases/decreases during the period from July 26, 2019 to December 31, 2019.

## II Change in Directors, Supervisors and Senior Management

✓ Applicable  Not applicable

Name	Office title	Type of change	Date	Reason
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Li Tian	Vice General Manager	Expiration of office term	July 16, 2019	Continued to be the Company's director upon the expiration of her office term as a Vice General Manager.
Yingzhuo Xu	Vice General Manager	Expiration of office term	July 16, 2019	Continued to be the Company's director upon the expiration of his office term as a Vice General Manager.
Shaojun Shang	Director	Expiration of office term	July 16, 2019	Expiration of office term
Chengping Lu	Independent Director	Expiration of office term	July 16, 2019	Expiration of office term
Xinchun Li	Independent Director	Expiration of office term	July 16, 2019	Expiration of office term
Erkang Deng	Independent Director	Expiration of office term	July 16, 2019	Expiration of office term
Qi Cheng	Director and Executive Vice President (Vice General Manager)	Appointed	July 16, 2019	Elected by the general meeting and appointed by the Board
Guifang Jian	Independent Director	Appointed	July 16, 2019	Re-elected by the general meeting
Jianguo He	Independent Director	Appointed	July 16, 2019	Re-elected by the general meeting
Yunguo Liu	Independent Director	Appointed	July 16, 2019	Re-elected by the general meeting
Guoxiang Liu	Vice President (Vice General Manager)	Appointed	July 16, 2019	Appointed by the Board
Xueqiao Qian	Vice President (Vice General Manager) and Chief Engineer	Appointed	July 16, 2019	Appointed by the Board
Shaolin Yang	Vice President (Vice General Manager) and Chief Financial Officer	Appointed	July 16, 2019	Appointed by the Board
Xiewu Jiang	Vice President (Vice General Manager)	Appointed	July 16, 2019	Appointed by the Board
Guocheng Mi	Vice President (Vice General	Appointed	July 16, 2019	Appointed by the Board



	Manager)			
Zhongzhu Chen	Vice President (Vice General Manager)	Appointed	July 16, 2019	Appointed by the Board

### 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 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 President (General Manager) of the Company, as well as an Executive Director of the Company's controlling shareholder Guangzhou Haihao Investment Co., Ltd. He was/is the Executive Vice President of China Feed Industry Association (CFIA), Chairman of China Vocational Education Group of Modern Fishery, Vice Chairman of China Association of Young Rural Entrepreneurial Leaders (CAYREL), Chairman of Guangdong Hi-tech Enterprise Association (GDHTEA), Vice Chairman of Guangdong Agricultural Science and Technology Innovation Alliance, Vice President of Guangdong Feed Industry Association, Vice President of Guangdong Fisheries Association, Vice Chairman of Guangdong Association of Young Scientists (GDAYS), Executive Vice Chairman of Guangdong Shaanxi Chamber of Commerce, the NPC Member of the 14th National Congress of the Communist Party of Guangzhou, a member of the 11th Chinese People's Political Consultation Conference Guangzhou Committee, Vice Chairman of the 15th Executive Committee of Guangzhou Federation of Industry and Commerce, President of Guangzhou Association of Agricultural Leading Enterprises, and Honorary Chairman of Guangzhou Feed Profession Association (GZFPA). Meanwhile, he is recognized as "Leading Entrepreneur in China's Feed Industry" by the Ministry of Agriculture, and "Top 30 Excellent Entrepreneurs in China" by China Feed Industry Association (CFIA). 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 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, Vice General Manager and Director. Currently, she is the Company's director and Vice Chairman of Guangzhou Institute of Internal Audit.

##### (3) Yingzhuo Xu

Mr. Yingzhuo Xu 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 Vice Chairman of the Board. Mr. Yingzhuo Xu holds 27% equity interests in Guangzhou Haihao Investment Co., Ltd., the Company's controlling shareholder.

(4) Qi Cheng

Mr. Qi Cheng graduated from the major of Automation of Huazhong University of Science and Technology in 2002; studied the major of World Economy in Sun Yat-sen University from 2005 to 2008 and obtained the Master's degree; studied EMBA in CEIBS from 2013 to 2015 and obtained MBA. From 2002 to 2010, he served as Process Engineer, Operation Manager, Supply Chain Manager and Director of Technology in Guangzhou Procter & Gamble Co., Ltd.; from 2010 to 2017, he served as Operation Director of East Asia-Pacific Region and Global Supply Chain Director in Essel Propack Co., Ltd.. Currently he serves as a Director, an Executive Vice President (Vice General Manager) and the General Manager of the South China Region of the Company.

(5) Jianfang Gui

Dr. Jianfang Gui has obtained PhD and is a doctoral supervisor, academician of the Chinese Academy of Sciences and of The World Academy of Sciences. He graduated from the major of Cytobiology of Wuhan University and obtained the Bachelor's degree in January 1982; obtained the Master's degree in Genetics from Wuhan University in December 1984 and joined in Institute of Hydrobiology, Chinese Academy of Sciences in the same year and has since worked there. In 1995, he obtained the Doctor's degree of science from Institute of Hydrobiology, Chinese Academy of Sciences. From 1991 to 1994, he paid work visits and conducted postdoctoral research in Medical College of Ohio and US San Diego. From 1995, he served as Researcher and Doctoral Supervisor in Institute of Hydrobiology, Chinese Academy of Sciences. He served as Executive Deputy Director and Director of Hydrobiology from 1999 to 2007, Director of State Key Laboratory of Freshwater Ecology and Biotechnology from 2001 to 2011, and Independent Director of the 1st and 2nd sessions of the Board of the Company from 2007 to 2013. Currently he serves as an Independent Director of the Company and a Vice President of China Society of Fisheries.

(6) Jianguo He

Dr. Jianguo He has obtained PhD and is a professor, winner of "The National Science Fund for Distinguished Young Scholars" and Chief Scientist of the State Shrimp and Crab Industry Technology System. He graduated from the major of Zoology of Sun Yat-sen University and obtained the Doctor's degree of science in 1990. He has been working in Sun Yat-sen University since 1991. He served as Deputy Director of College of Life Sciences, Sun Yat-sen University from 2000 to 2008, and Director of College of Marine Science, Sun Yat-sen University from 2008 to 2018. His current positions include Professor of Sun Yat-sen University, Deputy Director of State Key Laboratory of Pest Control and Resource Utilization (Sun Yat-sen University), Member of Fisheries Advisory Committee of MARA, Deputy Director of Aquacultural Disease Control Expert Commission of MARA, President of Guangdong Zoological Society, Vice President of Chinese Crustacean Society, Head of China-ASEAN Center for Joint Research and Promotion of Marine Aquaculture Technology and Independent Director of the Company.

## (7) Yunguo Liu

Dr. Yunguo Liu has obtained the Doctor's degree in management (accounting) from Xiamen University. His current positions and titles include Professor of Accounting and Doctoral Supervisor in Sun Yat-sen Business School (SYSBS), Director of Sun Yat-sen University Cost and Management Accounting Research Center, Director of School of Accountancy in Xinhua College of Sun Yat-sen University (a private college), Member of Management Accounting Professional Committee of Chinese Accounting Society, Executive Director of Cost Research Society of China, Leading Talent in Accountancy (Phase I) under the Ministry of Finance, Third Batch of Shortlisted Candidates for Special Support Program of the Development of State Leading Talents in Accountancy under the Ministry of Finance, Shortlisted Candidate for the Development of Accounting Celebrities under the Ministry of Finance (2019), Member of CGMA North Asian 100 Think Tank Leaders, and Member of IMA China Academic Consultation Commission. His other positions include Independent Director of Shenzhen Heungkong Holding Co., Ltd. (600162.SH), Guangdong Daya Smart Kitchen Appliances Co., Ltd. (837009.OC) and Changwei Information Technology Development Co., Ltd..

## 2. Supervisors

### (1) Zhenxiong Qi

Dr. Zhenxiong Qi is a doctoral degree holder and senior engineer. He successively participated in a key program of National Natural Science Foundation of China, the National Key Technologies R & D Program of China during the 8th Five-Year Plan Period, National Climb—B Plan, and programs of the Shandong and Guangdong Provincial Natural Science Funds. Meanwhile, he has also published many research papers, applied for multiple invention patents and been granted a State Technological Invention Award (Second Prize). Since he joined the Company, he has been mainly engaged in researches on animal nutrition and feed, aquatic farming and disease control. He has years of experience in product development, grass-root farming and technology promotion. He is now the Chairman of the Company's Supervisory Committee. Mr. Zhenxiong Qi holds 0.1% equity interests in the Company's controlling shareholder Guangzhou Haihao Investment Co., Ltd..

### (2) Jing Wang

Ms. Jing Wang graduated from China University of Science and Technology (USTC) with a major in management science in 2001. 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 a Supervisor and the Director of the Operation and Development Center of the Company.

### (3) Jia Chen

Ms. Jia Chen graduated from Hunan University of Technology and Business (formerly known as "Hunan Business School") in 2005, 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 Assistant to the Chief Financial Officer of the Company's Business Department.

### 3. Senior Executives

#### (1) Guoxiang Liu

Mr. Guoxiang Liu is an assistant research fellow. He graduated from the Aquaculture Department of Huazhong Agricultural University in 1992, majoring in special aquaculture professionalism. He is now a Vice President (Vice General Manager) and the Central China General Manager of the Company, in addition to being the Vice Chairman of Hubei Province Feed Industry Association. Mr. Guoxiang Liu holds 1.5% equity interests in the Company's controlling shareholder Guangzhou Haihao Investment Co., Ltd..

#### (2) Xueqiao Qian

Dr. Xueqiao Qian is an Associate Professor and has obtained the doctorate degree from the Institute of Hydrobiology, Chinese Academy of Science. He successively presided over or participated in the Hubei Provincial Natural Science Fund Project -- Development and Utilization of Feather Proteins in Fishery Feeds, the development projects of the State Key Laboratory of Freshwater Ecology and Biotechnology -- Effects of Nutrition Levels and Nutritional History on Fish's Growth and Activities, Research on the Feeding Behavior and Chemical Sensation of Allogynogenetic Crucian Carp, and Studies on the Utilization of Plant Protein by Main Cultured Freshwater Fish, the NSFC Project -- Studies on the Comparative Nutritional Energetics of Feed Protein Requirements of Carnivorous Fish and Omnivorous Fish, and the MOA's 948 project -- Artificial Propagation and Large-scale Aquaculture of Paddlefish etc.. Further, he has published more than 20 papers, of which, three papers were published in international publications and included in SCI. He joined the Company in 2004 and is mainly engaged in the aquatic animal nutrition and feed research and the development of new feed additives. Now, he is a Vice President (Vice General Manager) and 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 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 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 Vice President (Vice General Manager) and CFO.

#### (4) Xiewu Jiang

Mr. Xiewu Jiang is an aquacultural engineer. He graduated from the major of Special Aquaculture of College of Fisheries, Huazhong Agricultural University in 1992. Subsequently, he studied in the postgraduate program of

Aquatic Animal Nutrition of Sun Yat-sen University and EMBA of South China University of Technology. Currently, he serves as Vice President (Deputy General Manager) of the Company and General Manager of Aquacultural Breeding/Premix BU. His other positions include Director of Guangzhou Municipal Agricultural Leading Enterprises Association and Vice President of Zhanjiang Shrimp Breed Society. Mr. Xiewu Jiang holds 4.5% equity interests in the Company's controlling shareholder Guangzhou Haihao Investment Co., Ltd..

(5) Guocheng Mi

Mr. Guocheng Mi graduated from the major of Freshwater Fishery of Southwest Agricultural University. He joined in the Company in 2010 and currently serves as a Vice President (Vice General Manager) and the General Manager of the Pig Farming BU of the Company.

(6) Zhongzhu Chen

Mr. Zhongzhu Chen graduated from Xiamen University and obtained MBA for senior management personnel in 2019. He joined in the Company in 2004 and currently serves as a Vice President (Vice General Manager) and the General Manager of the Shrimp Feed BU of the Company.

(7) Mingzhong Chen

Mr. Mingzhong Chen graduated from MBA of Hong Kong Baptist University. His past titles include Deputy to Zhuhai Municipal People's Congress and Member of Shaowu Municipal CPPCC and current social titles include Vice President of Guangzhou Municipal Agricultural Leading Enterprises Association, Vice President of the Standing Committee of Panyu District Federation of Industry and Commerce of Guangzhou, Vice President of the three federations of Guangzhou (including Guangzhou Industrial Economy Federation) and Executive Vice President of Nancun General Chamber of Commerce of Panyu District, Guangzhou. He has won a number of honors and titles, such as "Excellent Entrepreneur for Caring for Employees in Panyu District, Guangzhou". He joined in the Company in 2004 and served as the head for project investment and preparations and Director of Purchase. He currently serves as a Vice President (Vice General Manager) of the Company and is responsible for public relations, brand image and promotion of the Company.

(4) Zhijian Huang

Mr. Zhijian Huang is an accountant and a bachelor's degree holder. He joined the Company in 2004 and is now a Vice President (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	Remuneration 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,		None

			2006		
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	Remuneration or allowance from the entity
Hua Xue	Guangzhou Juchang Investment Co., Ltd.	Executive Director	March 9, 2011	June 13, 2019	None
Hua Xue	Guangdong Aerocity Holding Co., Ltd.	Director	January 21, 2015		None
Jianfang Gui	Institute of Hydrobiology, Chinese Academy of Sciences	Research fellow	August 1, 1995		Yes
Jianguo He	Sun Yat-Sen University	Professor	December 1, 1994		Yes
Yunguo Liu	Sun Yat-Sen University	Professor	December 1, 1992		Yes
Yunguo Liu	Guangdong Daya Smart Kitchen Appliances Co., Ltd.	Independent Director	June 22, 2017	October 12, 2022	Yes
Yunguo Liu	Shenzhen Heungkong Holding Co., Ltd.	Independent Director	May 6, 2016	May 17, 2022	Yes
Yunguo Liu	Changwei Information Technology Development Co., Ltd.	Independent Director	September 1, 2016	September 1, 2022	Yes
Xiewu Jiang	Bangpu Breeding Technology Co., Ltd.	Director	May 1, 2019		No
Mingzhong Chen	Guangzhou Guanglan Investment Co., Ltd.	Executive Director	July 26, 2013	September 25, 2019	No
Shaolin Yang	Guangdong Association of Management Accountants	Supervisor	May 18, 2016	May 18, 2021	None
Shaolin Yang	Sun Yat-Sen University	Extramural Tutor for master's degree students	June 5, 2016	June 5, 2022	Yes
Note	None				

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

Applicable  Not applicable

#### IV Remuneration of Directors, Supervisors and Senior Management

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

The remuneration 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 remuneration is determined according to the Company's operating performance and these personnel's performance appraisal indicators.

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

Unit: RMB 0,000

Name	Office title	Gender	Age	Incumbent/Former	Total before-tax remuneration from the Company	Remuneration from related party
Hua Xue	Chairman of the Board and President (General Manager)	Male	50	Incumbent	309.69	No
Yingzhuo Xu	Vice Chairman of the Board	Male	52	Incumbent	119.67	No
Li Tian	Director	Female	48	Incumbent	264.48	No
Qi Cheng	Director and Executive Vice President (Vice General Manager)	Male	40	Incumbent	98.41	No
Jianfang Gui	Independent Director	Male	64	Incumbent	5.52	No
Jianguo He	Independent Director	Male	58	Incumbent	5.52	No
Yunguo Liu	Independent Director	Male	54	Incumbent	5.52	No
Zhenxiong Qi	Supervisor	Male	50	Incumbent	125.22	No
Jing Wang	Supervisor	Female	41	Incumbent	85.16	No
Jia Chen	Supervisor	Female	38	Incumbent	33.54	No
Guoxiang Liu	Vice President (Vice General Manager)	Male	52	Incumbent	74.23	No
Xueqiao Qian	Vice President (Vice General Manager) and Chief Engineer	Male	53	Incumbent	134.13	No
Shaolin Yang	Vice President (Vice General Manager) and Chief Financial Officer	Male	46	Incumbent	166.98	No
Xiewu Jiang	Vice President (Vice General Manager)	Male	52	Incumbent	104.51	No
Guocheng Mi	Vice President (Vice General Manager)	Male	48	Incumbent	84.93	No
Zhongzhu	Vice President (Vice	Male	50	Incumbent	189.31	No

Chen	General Manager)					
Mingzhong Chen	Vice President (Vice General Manager)	Male	55	Incumbent	95.45	No
Zhijian Huang	Vice President (Vice General Manager) and Board Secretary	Male	42	Incumbent	103.69	No
Xiaojun Shang	Former Director	Female	47	Former		No
Xinchun Li	Former Independent Director	Male	58	Former	6.57	No
Erkang Deng	Former Independent Director	Female	52	Former	6.57	No
Chengping Lu	Former Independent Director	Male	75	Former	6.57	No
Total	--	--	--	--	2,025.67	--

Notes:

1. As Qi Cheng, Jianfang Gui, Jianguo He, Yunguo Liu, Guoxiang Liu, Xiewu Jiang, Guocheng Mi and Zhongzhu Chen were elected as directors of the fifth Board and senior management at the First Extraordinary General Meeting of 2019 and the First Meeting of the Fifth Board, the remuneration data of theirs in the table above are for the period from July 2019 to December 2019. The remuneration data of others are for the whole year of 2019.

2. Xiaojun Shang, Xinchun Li, Erkang Deng and Chengping Lu quit as members of the fourth Board of the Company upon the expiration of their office terms in July 2019. Therefore, the remuneration data of theirs are for the period from January 2019 to July 2019.

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

Applicable  Not applicable

## V Employees

### 1. Numbers, Functions and Educational Backgrounds of Employees

Number of in-service employees of Parent Company (Haid Group exclusive of subsidiaries)	1,244
Number of in-service employees of major subsidiaries	19,530
Total number of in-service employees	20,774
Total number of paid employees in Reporting Period	20,774
Number of retirees to whom Parent Company or its major subsidiaries need to pay retirement pension	0
Functions	
Function	Employees
Production	9,240



Sales	6,186
Technical	1,623
Financial	1,302
Administrative	1,963
Procurement	460
Total	20,774
Educational backgrounds	
Educational background	Employees
Doctoral degree	71
Master's degree	807
Bachelor's degree	4,290
Junior college	4,064
Senior high school, technical secondary school and below	11,542
Total	20,774

## 2. Employee Remuneration Policy

While strictly abiding by Labor Contract Law (《劳动合同法》) and other related laws, regulations, department rules and regulatory documents, the Company implements the following principles according to the characteristics of the industry and the Company's operations: persist in the principle of labor-based distribution combining duties, power and interests; implement the principle of linking income levels with the Company's performance and work goals; implement the principle of integrating individual remuneration with the Company's long-term interests to ensure sustained growth in main business, prevent short-term behaviors and promote the Company's sustained operations and development; stick to the principle of linking remuneration with performance appraisal with equal emphasis on incentive and restraint; give comprehensive consideration to market changes and market remuneration levels. The Company has established a reasonable post and remuneration system to provide employees with competitive salaries in the industry, link performance with remuneration, enhance staff awareness for team work and give full play to every employee's enthusiasm and creativity.

## 3. Employee Training Plans

The Company always emphasizes the development of human resources and talents with a firm belief that staff development is an important power and resource for the Company's continuous development. The Company has established an extensive talent cultivation system covering new employees, key personnel, managers, assistant general managers/vice general managers and the general manager, possesses an excellent course development system and a systematic internal trainer development system and carries out broad-based and precise talent development through famous trainer courses, outdoor training, behavior learning, coach tutoring, online broadcasting, online learning and other channels. The Company has also established a self-inspection mechanism covering "talent development mechanism, talent development platform operation and plan implementation, talent assessment and talent management self-inspection reports".

Haid College, the Company's functional department for talent development, pays attention to the development of farmers while making active steps to improve staff abilities and competence based on the Group's strategies and business practice. Facing the severe ASF, Haid College worked with all employees related to pig feed to make live online videos and practical training at bases. The 15 sessions of Haid Lectures on Anti-ASF Services opened to the public covered 17 subjects in total broadcast hours of 1,800 minutes, gaining 1,879,500 views and enhancing the Group staff's knowledge and handling skills of ASF. The 12 sessions of practical training at bases developed nearly 200 professional anti-ASF engineers who helped farmers to successfully resume farming.

As it continues to speed up the expansion of international business, the Company is facing increasingly stronger demands for international technical and management professionals. In 2019, the Group's first global talent training was successfully opened in a bid to proactively respond to international development, build an international talent resource pool, complete the reserve of overseas expatriates, and prepare for the building and improvement of the Group's international mechanism of talent reserve as a pilot model. The Group's global talent development program drew close attention from the management in a number of aspects, including the trainee screening model, development mode, teaching contents and design of assessment methods. The plan went through a number of reviews and revisions, with overseas front line management personnel returning to China to participate in the formulation of the program. The development plan was a result of collaboration across countries, departments and teams. Based on the Group's culture, and supported by the science-based teaching design, the program integrated organizational behaviors, psychology, cross-culture management, service marketing and other relevant theories with clear training objectives and featured a talent development path through full combination with strategies. From the first day of opening, the trainees actively engaged themselves in language study, theoretical study and practice. After the first stage of domestic intensive training, all trainees have been equipped with the required knowledge and skills, laying a solid foundation for their work overseas.

Haid College continues to explore new models of talent development. To make its training more targeted and diverse, the College has made full use of network, video and other forms and developed its own online learning platform Haiwei (《海味》). The objectives of the platform include enhancing organizational learning abilities, improving the overall work competence of employees, and effectively communicating organizational experience. As of the end of 2019, the platform had covered all major specialty lines, including QC, finance, HR, plant and purchase, with administrators of functional centers, regions/business units, branches and subsidiaries organizing their employees to study online, and administrators of specialty lines organizing their employees to enhance their specialty skills. Haiwei has 6,003 online registered users, with a monthly total online duration of 67,702.62 hours, monthly per capita online duration of 16.21 hours, monthly online learning duration of 17.98 hours and monthly per capita learning duration of 7.3 hours. It has introduced 1,594 well-designed courses and 702 internally developed specialty courses and opened online classes for aquatic service engineers. By combining the introduction of select external courses and the continuous development of internal courses and integrating on-site and online training, the College makes learning more efficiently, enables staff to improve their work skills and comprehensive competence, and achieves win-win results including both improvement to individual professional abilities and sustainable development of the Company.

#### 4. Labor Outsourcing

Applicable  Not applicable

## Section X. Corporate Governance

### I Overview

#### 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, Management Systems for Holding Subsidiaries, Registration Management System for Insider Information, 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, 2016 Annual Implementation and Assessment Management Policies for the Restricted Stock Option Assessment Plans, Foreign Exchange Hedging Management System and the Complaint and Complainant Protection System, etc., and the established sound internal control system in order to continuously improve the Company's governance structure and enhance the Company's governance level.

#### 2. Shareholders and General Meeting

During the Reporting Period, the Company strictly adhered to applicable laws and regulations such as Corporation Law, Rules of the General Meeting of Listed Companies, Articles of Association, and Rules of Procedure of the General Meeting, as well as the Company's internal control rules, and standardized the convening, holding and voting procedures of the General Meeting to ensure that all Shareholders could be equal, and fully exercise their rights. In addition, as witnessed by the hired lawyers, the legitimacy of the meeting's convening, holding and voting procedures could be guaranteed, and relevant legitimate rights and interests of the Company and its shareholders could be secured as well. In 2019, five general meetings were convened and held by the Board in total; the convening, holding and voting procedures of such meetings were witnessed by the lawyers and all were legal and valid.

#### 3. The Company and Its Controlling Shareholder

The Company has independent and complete businesses and independent management capabilities. It is completely independent from the controlling shareholder in terms of business, personnel, assets, organization, and finance. The controlling shareholder exercises its rights and assumes corresponding obligations in accordance

with the law, and there is no direct or indirect interference with the Company's decision-making and business operation beyond the authority of the shareholders' general meeting. Meanwhile, the Company's Board, Supervisory Committee, and various internal functional departments are capable of independent operations. As of the Reporting Period, no controlling shareholder of the Company ever occupied the capital of the listed Company, and no listed Company illegally provided any controlling shareholder with any guarantee.

#### 4. Directors and the Board

Strictly in accordance with Corporation Law, Articles of Association, Rules of Procedure of the Board and Independent Director System, the Company has elected and appointed various directors, and such election and appointment procedures are open, fair and just. Besides, the composition and number of directors meet relevant legal and regulatory requirements. The members for the Company's 5th 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 5th 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 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, as well as the Company's Information Disclosure System and Investor Relations Management System, the Company has disclosed corresponding information in a true, accurate, complete and timely manner to ensure that all shareholders have equal access to such information.

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

## 8. Internal Audit System

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

## 9. Investor Relations Management

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

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

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

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

In accordance with the Notice on Diligently Studying and Implementing the Guidelines in the Speech of Mr. Yi Huiman at the 2019 Annual Meeting of China Association for Public Companies (《关于认真学习贯彻易会满主席在中国上市公司协会 2019 年年会讲话精神的通知》) (GDZJF [2019] No. 63), the Company veritably responded to the requirements of the Notice, organized its directors, supervisors, senior managers, controlling shareholder and actual shareholder to diligently study the speech of Mr. Yi, and performed self-inspection and self-correction based on its actual situation.

In accordance with the Notice on Carrying Out the Themed Promotional Activity of "Constitution Promotion Week" of 2019 (《关于开展 2019 年“宪法宣传周”主题宣传活动的通知》) (GDZJF [2019] No. 137), the Company established a special group to organize its directors, supervisors, senior managers, other employees and investors to further study and promote the Constitution, carry forward its essence and safeguard its authority.

#### 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 Deliberating Insider Information Registration and Management System was approved at the 18th meeting of the 2nd session of Board on December 29, 2011. The proposal was disclosed on the website (<http://www.cninfo.com.cn>) on December 31, 2011. The Company properly carried out corresponding information insider registration and reporting works strictly according to relevant requirements and systems, and recorded and revealed the list of all information insiders and relevant reports, communications, formulation, resolutions and disclosures before any information was disclosed. If any special event is involved and the list of the information insider's close relatives (spouse, parents and offspring) was required, the Company also finished corresponding registration and reporting work. During the Reporting Period, the Company notified all directors, supervisors, senior management personnel and relevant information insiders that they were not allowed to buy and sell the Company's stocks within the window period by means of SMS and e-mail 30 days before the disclosure of regular reports and 10 days before the disclosure of earnings forecasts and Preliminary Earnings Estimate, and conducted an internal audit on the buying and selling of the Company's stocks by directors, supervisors, senior management personnel and relevant information insiders. During the Reporting Period, no information insider was ever involved in the illegal buying and selling of the Company's stocks, and no relevant personnel was suspected of being involved in insider trading and was imposed some supervision measures and administrative penalties by competent regulatory departments.

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

Yes  No

No such incompliance.

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

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

### **1. Independence in Business**

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

### **2. Independence in Personnel**

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

### **3. Independence in Asset**

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

### **4. Independence in Organizational Structure**

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

### **5. Independence in Financial Affairs**

As per the applicable laws and regulations, the Company has put in place a sound, well-established financial management system. It has an independent accounting system and an independent financial department with professional financial staff, who hold no posts in the controlling shareholder or any of its related parties. The

Company has its own bank account, not sharing the same account with its controlling shareholder. And it pays its own taxes by law. And the Company is able to use its self-owned capital at its sole discretion, with none of its capital being occupied by the controlling shareholder or it having to provide any guarantee for the controlling shareholder against laws and regulations.

### III Horizontal Competition

Applicable  Not applicable

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

#### 1. General Meetings Convened during Reporting Period

Meeting	Type	Investor participation ratio	Date	Disclosure date	Index to disclosed information
2018 Annual General Meeting	Annual	62.76%	6 May 2019	7 May 2019	Announcement on Resolutions of 2018 Annual General Meeting (No. 2019-021) disclosed on Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily and www.cninfo.com.cn
First Non-Operating General Meeting of 2019	Non-operating	61.75%	16 July 2019	17 July 2019	Announcement on Resolutions of First Non-Operating General Meeting of 2019 (No. 2019-041) disclosed on Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily and www.cninfo.com.cn
Second Non-Operating General Meeting of 2019	Non-operating	65.19%	6 August 2019	7 August 2019	Announcement on Resolutions of Second Non-Operating General Meeting of 2019 (No. 2019-049)



						disclosed on Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily and www.cninfo.com.cn
Third Non-Operating General Meeting of 2019	Non-operating	65.42%	23 August 2019	24 August 2019		Announcement on Resolutions of Third Non-Operating General Meeting of 2019 (No. 2019-058) disclosed on Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily and www.cninfo.com.cn
Fourth Non-Operating General Meeting of 2019	Non-operating	63.75%	16 December 2019	17 December 2019		Announcement on Resolutions of Fourth Non-Operating General Meeting of 2019 (No. 2019-095) disclosed on Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily and www.cninfo.com.cn

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

Applicable  Not applicable

## V Performance of Duties by Independent Directors in Reporting Period

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

Attendances of independent directors at board meetings and general meetings							
Independent director	Due attendances at	Attendances at board meetings	Attendances at board meetings	Attendances at board meetings	Absences at board meetings	Not attending board meetings	Attendances at general

	board meetings in Reporting Period	on site	by telecommunica tion	through a proxy		in person for twice in a row	meetings
Guifang Jian	7	4	3	0	0	N/A	3
Jianguo He	7	6	1	0	0	N/A	3
Yunguo Liu	7	7	0	0	0	N/A	3
Chengping Lu	3	0	3	0	0	N/A	0
Xinchun Li	3	3	0	0	0	N/A	2
Erkang Deng	3	3	0	0	0	N/A	2

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

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

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

Yes  No

No such cases in the Reporting Period.

## 3. Other Information about Performance of Duties by Independent Directors

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

Yes  No

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

During the Reporting Period, the Company's independent directors performed their duties in strict accordance with the Company Law, the Code of Corporate Governance for Listed Companies in China, the Guidelines of the Shenzhen Stock Exchange for the Standard Operation of Listed Companies on the Small and Medium-Sized Enterprise Board, the Directive on Establishment of Independent Director System in Listed Companies, the Rules for Independent Directors and other applicable laws and regulations, as well as the Company's Articles of Association. Upon an in-depth knowledge about the Company's production and operation status obtained through attending the Company's board meetings and general meetings, as well as through on-site investigations, the independent directors carefully exercised their voting rights and effectively performed their duties. The independent directors issued independent, just opinions on the Company's continuing related-party transactions, profit distribution, 2018 Annual Internal Control Self-Assessment Report (《公司 2018 年度内部控制自我评价报告》), provision of guarantees for external parties, adjustments to the repurchase prices of its restricted share incentive plan, changes to the accounting policies, appointment of the CPA firm, the re-election of the Board, the issuance of convertible corporate bonds and other matters arising during the Reporting Period. All the independent directors' suggestions and opinion were accepted by the Company during the Reporting Period, which protected the interests of the Company as a whole, as well as the legal interests of the shareholders, especially the minority shareholders.

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

### 1. Performance of Duties by Audit Committee under Board

The Audit Committee under the fourth Board convened a total of four meetings and the Audit Committee under the fifth Board convened a total of three meetings during the Reporting Period, at which the Company's periodic reports, the quarterly related-party transactions, the matter concerning the occupation of the Company's funds by its controlling shareholder or other related parties, changes to the accounting policies, the work report of the internal audit department, etc. were reviewed, the person-in-charge of internal audit was nominated, as well as the independent auditor for the convertible corporate bonds project and for the annual financial statements was appointed. The Audit Committee also communicated with the external auditors on the audit of the 2018 annual financial statements and the 2019 annual financial statements and urged the audit progress. As such, the Audit Committee has faithfully fulfilled its supervision and examination duties.

## 2. Performance of Duties by Remuneration and Appraisal Committee under Board

The Remuneration and Appraisal Committee under the fourth Board convened one meeting and the Remuneration and Appraisal Committee under the fifth Board convened two meetings during the Reporting Period to improve the post and remuneration systems, as well as to push forward the implementation of the core team stock ownership plan and the repurchase and cancellation of restricted shares.

## 3. Performance of Duties by Nomination Committee under Board

The Nomination Committee under the fourth Board convened one meeting and the Nomination Committee under the fifth Board convened one meeting during the Reporting Period to review the core management candidates and offer advice.

## 4. Performance of Duties by Strategy Committee under Board

The Strategy Committee under the fourth Board convened one meeting and the Strategy Committee under the fifth Board convened one meeting during the Reporting Period to discuss and offer advice on the hedging business, the production capacity plan, the establishment of a financing guaranty company, investments in new projects, etc.

## VII Performance of Duties by Supervisory Board

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

Yes  No

The Supervisory Board raised no objections in the Reporting Period.

## VIII Appraisal of and Incentive for Senior Management

### 1. Appraisal of Senior Management

The Company has put in place a senior management selection, appraisal, incentive and restrictive system. All appointed by and being responsible to the Board, senior management shoulders the operating indicators set by the Board. The Remuneration 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 remuneration 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 strengthening the connection between performance appraisal and remuneration and incentives, aligning remuneration with appraisal results, and achieving differentiation in remuneration.

## 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	21 April 2020	
Index to disclosed internal control self-assessment report	www.cninfo.com.cn	
Assessed entities' combined assets as a percentage of consolidated total assets	100.00%	
Assessed entities' combined sales revenue as a percentage of consolidated sales revenue	100.00%	
Internal control deficiency identification standards		
Type	Financial-reporting related	Non-financial-reporting related
Nature standard	A material deficiency refers to a deficiency or a deficiency group that consists of multiple deficiencies that may cause a great deviation from the control objective. It is considered a material financial-reporting internal control deficiency if any of the following cases occurs: (1) Any of the Company's directors, supervisors or senior management is involved in a serious fraud; (2) The Company corrects its disclosed financial statements for multiple times; (3) certified public accountants identifies a material misstatement in the current financial	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

	<p>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 deficiency nor a serious deficiency.</p>	<p>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>
Quantitative standard	<p>Material deficiency: misstated amount &gt; 3% of gross profit, misstated amount &gt; 3% of net asset value.</p> <p>Serious deficiency: 1% of gross profit &lt; misstated amount ≤ 3% of gross profit, 1% of net asset value &lt; misstated amount ≤ 3% of net asset value.</p> <p>Ordinary deficiency: misstated amount ≤ 1% of gross profit, misstated amount ≤ 1% of net asset value.</p>	<p>Material deficiency: Direct loss caused to the Company (hereinafter referred to as "loss amount") &gt; 3% of gross profit, loss amount &gt; 3% of net asset value.</p> <p>Serious deficiency: 1% of gross profit &lt; loss amount ≤ 3% of gross profit, 1% of net asset value &lt; loss amount ≤ 3% of net asset value.</p> <p>Ordinary deficiency: loss amount ≤ 1% of gross profit, loss amount ≤ 1% of net asset value.</p>
Number of material financial-reporting internal control deficiencies	0	
Number of material non-financial-reporting internal control	0	

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

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

Verification report on internal control

Opinion paragraph in the verification report on internal control	
In our opinion, Guangdong Haid Group Co., Limited maintained, in all material respects, effective internal control over financial reporting as of 31 December 2019, based on the Basic Rules on Enterprise Internal Control (《企业内部控制基本规范》) and other control standards.	
Independent auditor's report on internal control disclosed or not	Disclosed
Disclosure date	21 April 2020
Index to such report disclosed	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Type of the verification opinion	Unmodified unqualified opinion
Material non-financial-reporting internal control deficiencies	None

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

Yes  No

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

Yes  No

## Section XI. 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 XII. Financial Statements

### Independent Auditor's Report

Audit Opinion	Unmodified unqualified audit opinion
Audit Report sign-off Date	April 18th 2020
Audit Institution Name	Grant Thornton China (Special General Partnership)
Audit Report Number	
Name of Certified Public Accountant	Wenyuan Guan, Shuxia Zhang

### To the Shareholders of Guangdong Haid Group Co., Limited,

#### Opinion

We have audited the financial statements of Guangdong Haid Group Co., Limited (the “Company”), which comprise the consolidated balance sheet as at December 31, 2019, and the consolidated income statement, consolidated statement of changes in shareholders’ equity and consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

#### Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the consolidated Financial Statement* section of our report. We are independent of the Company in accordance with the Code of Ethics for Chinese Certified Public Accountant (the “Ethics Code”) together with the ethical requirements that are relevant to our audit of the financial statements, and we fulfilled our other ethical responsibilities in accordance with these requirements and the Ethics Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

The key audit matters are those matters that, in our professional judgment, are of most significance in our audit of the financial statements of the current period. These matters are addressed in the context of our audit



of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### (I) Revenue Recognition

Please refer to Note III. 27 and Note V. 47 in the Notes to the Financial Statements for the disclosure of revenue recognition.

##### 1. Description

Haid Group is mainly engaged in feed production and sales. In 2019, Haid Group's operating income was RMB 47,612.59 million. As operating income is one of the key performance indicators of Haid Group, there is an inherent risk of management manipulating the timing of revenue recognition to achieve specific goals or expectations, we identify revenue recognition as a key audit matter.

##### 2. How Our Audit Addressed the Key Audit Matter

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

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

(3) We performed analytical procedures to assess the reasonableness of changes in revenue and gross margin; examined the monthly average sales price of the Company's major products, and compared it with the data in the prior period;

(4) We obtained the archival information of the new significant customers, searched their relevant information through public channels and conducted assessment on whether they were related parties of the Company.

(5) To test the authenticity and completeness of revenue, we inspected the supporting documents related to revenue recognition, including extracting sales statements to review the related sales contracts, delivery notes, bills of lading, weighing notes, bank receipts, and monthly customer sales statements. We verified and analyzed the sales data in the Company's logistics system and financial system.

(6) We inspected the sales returns and exchanges records to evaluate if there were any significant or unusual sales return or exchange that impacted the Company's revenue recognition.

(7) To evaluate the accuracy and completeness of revenue, we performed confirmation procedures on revenue.

(8) We performed revenue cut-off testing as of the balance sheet date in conjunction with inventory observation procedures to evaluate whether revenue was recognized in the appropriate period.

#### (II) Expected Credit Losses on Accounts Receivable

Please refer to Note III. 10 (6), Note III. 34, Note III. 35 and Note V. 5 in the Notes to the Financial Statements for the disclosure of expected credit losses on accounts receivable.

##### 1. Description

As of December 31, 2019, the balance of the Company's accounts receivable was RMB1,021.75 million, including provision of bad and doubtful debts of RMB142.24 million. The Company's management assessed the expected credit losses on accounts receivable individually and collectively based on the consideration of past events, current situations and predictions of future economic conditions. Except for accounts receivable with provision of bad and doubtful debts made individually, the management classified the accounts receivable into corresponding portfolios based on similar credit risk characteristics. For accounts receivable classified into portfolios, the management prepared comparison table of the accounts receivable aging and expected credit loss rate based on the historical credit losses in conjunction with the current situation and predictions of future economic conditions, and calculated the expected credit losses.

As the Company involved significant accounting estimate and judgment in making the expected credit losses on accounts receivable, and the impact was significant, we identify expected credit losses on accounts receivable as a key audit matter.

## 2. How Our Audit Addressed the Key Audit Matter

- 1) We understood and assessed the effectiveness of the management's design and operation of key internal control related to expected credit losses on accounts receivable.
- 2) For accounts receivables that measure expected credit losses based on portfolio of credit risk characteristics, we evaluated the appropriateness of portfolio classification, reviewed the appropriateness of the historical losses rate and prospective adjustment calculated based on the migration rate model, reviewed if the expected credit losses was adequate.
- 3) We selected samples based on the distribution of accounts receivable as at balance sheet date and the revenue in the current year to perform confirmation procedure on accounts receivable. We performed alternative produces for un-returned confirmations.
- 4) For accounts receivables with significant balance as at balance sheet date or long aged, we selected samples to examine customers' operation situation, historical payment records and subsequent payment after the balance sheet date.

### (III) Impairment in Goodwill

Please refer to Note III. 22 and Note V.23 in the Notes to the Financial Statements for disclosure of impairment in goodwill.

#### 1. Description

As of December 31, 2019, the balance of the Company's goodwill was RMB 349.07 million, with an allowance of RMB 42.59 million for impairment in goodwill. The Company's management shall test goodwill at least annually to determine whether any impairment loss shall be recognized, and adjusted the book value of goodwill according to the impairment test value. 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 attention to the goodwill impairment during our audit as a key audit matter.

#### 2. How Our Audit Addressed the Key Audit Matter

- 1) We obtained an understanding of the key internal controls associated with impairment in goodwill, evaluated the effectiveness of their design and operation.
- 2) We analyzed the key assumptions and methods adopted by the management in identifying the asset groups of goodwill and reviewed whether the management's judgement on the goodwill impairment sign was reasonable, as well as evaluated the appropriateness of the valuation methods used by the management in estimating the cash flows.
- 3) We evaluated the appropriateness of the recoverable amount estimates of goodwill asset groups prepared by the management by comparing the financial data with the actual operating data, the operating plans and the budgets approved by the management.
- 4) We discussed with the management about the possibility of changes to the key assumptions, as well as evaluated the appropriateness of the key assumptions such as the future revenue growth rate, the forecast gross margin percentage, the expense ratio and the discount rate that the management used in estimating the cash flows.
- 5) We compared the relevant asset groups' actual results with their corresponding estimates made in the prior year to evaluate the reliability of the management's estimates on cash flows.
- 6) We reviewed whether the calculation of the net present value of future cash flows was accurate.

### **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 2019 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.

### **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.

### **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 China Standards on Auditing 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) Concluded 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 concluded that a material uncertainty exists, we are required to draw 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, further 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 communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicated 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 are 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.

### Consolidated and Parent Company Balance Sheet

[English translation for reference only]

Prepared by Guangdong Haid Group Co., Limited

Unit: RMB

Item	Note V	As at 31/12/2019		As at 31/12/2018	
		Consolidated	Company	Consolidated	Company
Current assets:					
Cash at bank and on hand	1	1,849,735,912.84	835,484,081.66	1,735,409,838.58	1,236,624,716.15
Held-for-trading financial assets	2	28,583,495.35	18,432,715.85	-	-
Financial assets at fair value through profit or loss	3	-	-	49,672,592.73	49,293,017.73
Derivative financial assets		-	-	-	-
Notes receivable	4	10,722,401.32	-	10,509,311.36	-
Accounts receivable	5	1,021,751,432.56	-	1,096,136,255.70	-
Accounts receivable financing		-	-	-	-
Prepayments	6	452,844,423.19	4,383,870.87	424,850,022.62	22,254,307.76
Other receivables	7	186,236,378.57	6,904,805,047.57	502,215,573.25	6,996,953,598.79
Including: Interest receivables		8,069.14	-	1,794,497.12	8,630.13
Dividend receivables		-	-	-	35,271,940.95
Inventories	8	4,463,319,035.43	23,596,543.22	4,843,780,132.17	17,550.00
Contract assets		-	-	-	-
Assets held for sale	9	28,946,788.99	-	-	-

Non-current assets due within one year	10	903,000.00	-	903,000.00	-
Other current assets	11	691,897,026.52	7,995,946.84	628,751,210.59	34,776,246.75
<b>Total current assets</b>		<b>8,734,939,894.77</b>	<b>7,794,698,206.01</b>	<b>9,292,227,937.00</b>	<b>8,339,919,437.18</b>
Non-current assets:					
Debt investments		-	-	-	-
Loans and advances to customers	12	15,281,255.35	-	157,600.00	-
Available-for-sale financial assets	13	-	-	323,421,350.00	292,900,000.00
Other debt investments		-	-		
Held-to-maturity investments		-	-	-	-
Long-term receivables	14	48,844,850.63	1,627,302.50	17,519,129.52	1,527,302.50
Long-term equity investments	15	62,614,691.35	4,053,854,039.62	38,614,535.85	3,103,551,860.05
Other investments in equity instruments		-	-	-	-
Other non-current financial asset	16	255,521,350.00	225,000,000.00	-	-
Investment properties	17	30,645,502.71	14,317,378.50	46,397,156.64	36,316,499.75
Fixed assets	18	6,298,328,342.41	230,056,977.11	4,555,480,833.77	206,423,560.87
Construction in progress	19	657,751,195.76	19,384,268.98	724,011,706.23	17,989,781.29
Productive biological assets	20	165,272,087.28	-	56,828,507.31	-
Oil and natural gas assets		-	-	-	-
Right-of-use asset		-	-	-	-
Intangible assets	21	1,122,210,364.05	106,977,723.95	928,766,148.39	91,340,568.10
Development expenses	22	14,914,419.56	-	2,776,367.58	-
Goodwill	23	349,068,366.52	-	380,610,061.82	-
Long-term deferred expenses	24	241,325,867.74	23,316,596.39	231,144,073.09	20,848,132.10
Deferred tax assets	25	591,920,121.34	267,443,309.22	456,499,156.68	190,619,356.04
Other non-current assets	26	265,676,908.84	8,145,708.44	311,209,297.18	2,659,873.34
<b>Total non-current assets</b>		<b>10,119,375,323.54</b>	<b>4,950,123,304.71</b>	<b>8,073,435,924.06</b>	<b>3,964,176,934.04</b>
<b>Total assets</b>		<b>18,854,315,218.31</b>	<b>12,744,821,510.72</b>	<b>17,365,663,861.06</b>	<b>12,304,096,371.22</b>
Current liabilities:					
Short-term loans	27	3,020,892,004.18	2,313,032,093.55	2,715,954,867.69	2,168,367,337.60

Held-for-trading financial liabilities	28	2,633,510.00	996,670.00	-	-
Financial liabilities at fair value through profit or loss	29	-	-	46,271,790.00	32,630,290.00
Derivative financial liabilities		-	-	-	-
Notes payable		-	-	-	-
Accounts payable	30	1,917,055,340.85	25,086,884.14	1,512,857,075.94	3,323,382.83
Advances from customers	31	1,548,283,455.21	-	1,307,260,014.70	-
Contract liabilities		-	-	-	-
Payroll payable	32	691,556,025.73	113,898,495.24	596,600,236.73	121,078,753.60
Taxes payable	33	106,556,060.79	1,045,722.46	118,589,643.19	2,024,745.82
Other payables	34	382,083,114.86	2,624,459,870.36	461,701,978.92	1,872,126,815.24
Including: Interest payables		-	-	25,144,934.16	17,572,923.73
Dividend payables		1,159,042.39	-	6,250,397.10	-
Liabilities held for sale		-	-	-	-
Non-current liabilities due within one year	35	48,838,331.24	45,139,661.24	31,352,957.13	27,891,871.77
Other current liabilities	36	187,961,887.41	19,441,864.89	160,521,969.41	24,112,595.05
<b>Total current liabilities</b>		<b>7,905,859,730.27</b>	<b>5,143,101,261.88</b>	<b>6,951,110,533.71</b>	<b>4,251,555,791.91</b>
Non-current liabilities:					
Long-term loans	37	821,661,042.98	220,290,277.78	1,842,910,000.00	1,499,750,000.00
Debentures payable		-	-	-	-
Lease liability		-	-	-	-
Long-term payables	38	85,596,111.44	38,712,712.67	115,622,929.75	79,288,904.41
Long-term payroll payable	39	66,078,784.25	-	64,891,859.13	-
Provisions		-	-	-	-
Deferred income	40	120,386,515.06	14,564,630.31	68,368,132.23	9,166,812.14
Deferred tax liabilities	25	112,742,726.55	14,632,099.92	98,834,372.34	24,340,746.74
Other non-current liabilities		-	-	-	-
<b>Total non-current liabilities</b>		<b>1,206,465,180.28</b>	<b>288,199,720.68</b>	<b>2,190,627,293.45</b>	<b>1,612,546,463.29</b>
<b>Total liabilities</b>		<b>9,112,324,910.55</b>	<b>5,431,300,982.56</b>	<b>9,141,737,827.16</b>	<b>5,864,102,255.20</b>
Owners' equity:					
Share capital	41	1,580,357,494.00	1,580,357,494.00	1,581,211,084.00	1,581,211,084.00

Other equity instruments		-	-	-	-
Including: Preference share		-	-	-	-
Perpetual debt		-	-	-	-
Capital reserve	42	2,118,792,106.43	2,202,920,835.86	2,010,778,182.22	2,089,547,854.24
Less: Treasury stock	43	172,540,566.20	172,540,566.20	251,038,100.40	251,038,100.40
Other comprehensive income	44	5,292,263.90	-	7,600,777.65	-
Specific reserve		-	-	-	-
Surplus reserve	45	634,407,803.71	634,407,803.71	518,730,727.06	518,730,727.06
Retained earnings	46	4,937,480,629.17	3,068,374,960.79	3,878,656,406.43	2,501,542,551.12
Total equity attributable to owners of the Company		9,103,789,731.01	7,313,520,528.16	7,745,939,076.96	6,439,994,116.02
Non-controlling interests		638,200,576.75	-	477,986,956.94	-
<b>Total shareholders' equity</b>		<b>9,741,990,307.76</b>	<b>7,313,520,528.16</b>	<b>8,223,926,033.90</b>	<b>6,439,994,116.02</b>
<b>Total liabilities and shareholders' equity</b>		<b>18,854,315,218.31</b>	<b>12,744,821,510.72</b>	<b>17,365,663,861.06</b>	<b>12,304,096,371.22</b>

Legal Representative: Hua Xue Yang

Person in Charge of Accounting Function: Shaolin

Person in Charge of Accounting Department: Shaolin Yang

## Consolidated and Parent Company Income Statement

[English translation for reference only]

Prepared by Guangdong Haid Group Co., Limited

Unit: RMB

Item	Note V	2019		2018	
		Consolidated	Company	Consolidated	Company
<b>I. Operating income</b>	47	<b>47,612,587,464.50</b>	<b>801,491,539.77</b>	<b>42,156,628,800.11</b>	<b>661,222,883.80</b>
Less: Operating costs	47	42,223,411,917.10	333,183,369.63	37,615,586,184.77	285,175,292.67
Taxes and surcharges	48	60,616,092.81	4,786,024.41	53,140,738.34	2,767,521.84
Selling and distribution expenses	49	1,562,696,499.51	8,752,800.43	1,377,926,458.68	5,641,884.77
General and administrative expenses	50	1,190,746,169.15	307,640,882.34	967,112,552.40	270,389,544.81
Research and	51	416,009,959.72	150,757,403.12	309,167,320.66	107,532,183.91



development expenses					
Financial expenses	52	211,949,889.53	72,769,221.15	219,052,330.92	38,461,499.24
Including: Interest expenses		226,706,748.45	192,491,251.13	189,458,281.87	218,389,144.61
Interest income		32,415,237.75	130,741,914.61	32,211,787.13	243,898,312.87
Add: Other income	53	52,346,144.86	11,814,738.58	56,101,876.75	21,096,700.35
Investment income ("-" for losses)	54	160,042,248.95	1,233,790,116.18	151,089,721.85	1,380,654,166.66
Including: Income from investment in associates and joint ventures		13,127,173.32	8,990,725.43	6,349,268.04	1,415,674.66
Income from derecognized of financial assets measured at amortized cost ("-" for losses)		-	-	-	-
Net exposure hedge income ("-" for losses)		-	-	-	-
Gains from changes in fair value ("-" for losses)	55	8,048,044.27	-13,614,360.73	12,578,735.85	32,371,124.09
Credit impairment loss ("-" for losses)	56	-23,069,181.57	-238,316.40	-	-
Impairment loss on assets ("-" for losses)	57	-50,187,230.29	-	-66,011,371.18	-456,330.36
Gains from assets disposal ("-" for losses)	58	3,880,771.91	97,384.38	66,161.29	108,699.39
<b>II. Operating profit ("-" for losses)</b>		<b>2,098,217,734.81</b>	<b>1,155,451,400.70</b>	<b>1,768,468,338.90</b>	<b>1,385,029,316.69</b>
Add: Non-operating income	59	34,597,910.64	18,369,229.09	26,850,623.85	1,020,334.93
Less: Non-operating expenses	60	38,793,929.24	1,312,862.99	29,115,910.11	3,837,704.11
<b>III. Profit before income tax ("-" for losses)</b>		<b>2,094,021,716.21</b>	<b>1,172,507,766.80</b>	<b>1,766,203,052.64</b>	<b>1,382,211,947.51</b>
Less: Income tax expenses	61	304,514,610.16	15,737,000.28	282,262,891.74	14,541,184.65
<b>IV. Net profit for the year ("-" for losses)</b>		<b>1,789,507,106.05</b>	<b>1,156,770,766.52</b>	<b>1,483,940,160.90</b>	<b>1,367,670,762.86</b>
(I) Classification according to operation					

continuity					
Including: Net profit from continuing operations ("-" for net loss)		1,789,507,106.05	1,156,770,766.52	1,483,940,160.90	1,367,670,762.86
Net profit from discontinued operations ("-" for net loss)		-	-	-	-
(II) Classification according to attribute					
Including: owners of the company ("-" for net loss)		<b>1,648,762,579.59</b>	<b>1,156,770,766.52</b>	<b>1,437,281,732.28</b>	<b>1,367,670,762.86</b>
Non-controlling interests ("-" for net loss)		140,744,526.46	-	46,658,428.62	-
<b>V.Other comprehensive income, net of tax</b>		<b>-2,824,205.77</b>	<b>-</b>	<b>6,647,951.72</b>	<b>-</b>
Other comprehensive income (net of tax) attributable to owners of the company		-2,308,513.75	-	10,372,192.53	-
(I) Items that will not be reclassified to profit or loss		-	-	-	-
(I) Items that may be reclassified to profit or loss		-2,308,513.75	-	10,372,192.53	-
1. Translation differences arising from translation of foreign currency financial statements		-2,308,513.75	-	10,372,192.53	-
Other comprehensive income (net of tax) attributable to non-controlling interests		-515,692.02	-	-3,724,240.81	-
<b>VI.Total comprehensive income for the year</b>		<b>1,786,682,900.28</b>	<b>1,156,770,766.52</b>	<b>1,490,588,112.62</b>	<b>1,367,670,762.86</b>
Attributable to owners of the company		1,646,454,065.84	1,156,770,766.52	1,447,653,924.81	-
Attributable to non-controlling interests		140,228,834.44	-	42,934,187.81	-
<b>VII.Earnings per share</b>					

1. Basic earnings per share		1.06		0.90	
2. Diluted earnings per share		1.05		0.90	

Legal Representative: Hua Xue

Person in Charge of Accounting Function: Shaolin

Yang

Person in Charge of Accounting Department: Shaolin Yang

## Consolidated and Parent Company Cash Flow Statement

*[English translation for reference only]*

Prepared by Guangdong Haid Group Co., Limited

Unit: RMB

Item	Note V	2019		2018	
		Consolidated	Company	Consolidated	Company
<b>I. Cash flows from operating activities</b>					
Cash received from sales of goods or rendering of services		49,705,675,429.92	12,436,542.60	42,363,896,562.98	8,332,610.14
Cash received from interest, handling fee and commission		19,945,475.46	-	6,884,283.07	-
Refund of taxes		48,400,096.51	29,991,402.22	3,976,919.18	-
Cash received relating to other operating activities	62	743,034,724.14	45,195,700,504.09	195,267,579.00	41,512,928,148.04
<b>Sub-total of cash inflows</b>		<b>50,517,055,726.03</b>	<b>45,238,128,448.91</b>	<b>42,570,025,344.23</b>	<b>41,521,260,758.18</b>
Cash paid for goods and services		42,501,531,813.58	11,395,794.60	37,973,414,188.87	18,480,816.33
Net increase in loans and advances to customers		393,174,508.66	-	38,061,650.95	-
Cash paid to and on behalf of employees		2,451,482,886.43	327,384,279.58	2,016,327,516.26	222,416,623.80
Taxes payments		491,222,772.04	29,724,618.22	426,702,091.03	39,624,617.16
Cash paid relating to other operating activities	62	1,432,663,040.24	43,955,295,776.89	1,079,755,890.79	42,795,594,148.00
<b>Sub-total of cash outflows</b>		<b>47,270,075,020.95</b>	<b>44,323,800,469.29</b>	<b>41,534,261,337.90</b>	<b>43,076,116,205.29</b>

<b>Net cash flows from operating activities</b>	63	<b>3,246,980,705.08</b>	<b>914,327,979.62</b>	<b>1,035,764,006.33</b>	<b>-1,554,855,447.11</b>
<b>II. Cash flows from investing activities</b>					
Cash received from disposal of investments		956,266,418.22	314,666,943.70	2,457,440,496.06	1,931,379,749.20
Cash received from investment gains		97,253,227.58	1,182,430,736.93	166,471,732.10	1,397,231,774.19
Cash received from disposal of fixed assets, intangible assets and other long-term assets		24,536,424.57	242,488.07	6,105,301.75	544,017.66
Net proceeds from disposal of subsidiaries or other business units		19,638,476.78	-	-	2,238,220.00
Cash received relating to other investing activities		-	-	-	-
<b>Sub-total of cash inflows</b>		<b>1,097,694,547.15</b>	<b>1,497,340,168.70</b>	<b>2,630,017,529.91</b>	<b>3,331,393,761.05</b>
Cash paid to acquire fixed assets, intangible assets and other long-term assets		2,324,812,735.79	58,130,506.13	1,865,168,774.84	70,540,678.28
Payment for acquisition of investments		856,376,669.90	963,788,421.82	2,402,156,863.96	2,616,900,961.00
Net payments for acquisition of subsidiaries and other business units		32,449,955.99	-	361,835,034.57	103,551,689.52
Cash paid relating to other investing activities	62	1,023,267.79	-	6,408,820.50	-
<b>Sub-total of cash outflows</b>		<b>3,214,662,629.47</b>	<b>1,021,918,927.95</b>	<b>4,635,569,493.87</b>	<b>2,790,993,328.80</b>
<b>Net cash flows from investing activities</b>		<b>-2,116,968,082.32</b>	<b>475,421,240.75</b>	<b>-2,005,551,963.96</b>	<b>540,400,432.25</b>
<b>III. Cash flows from financing activities</b>					
Cash received from investors		18,454,808.10	552,501.00	136,908,348.00	70,964,548.00
Including: Proceeds from non-controlling owners of subsidiaries		17,742,307.10	-	65,943,800.00	-
Cash received from		7,994,282,918.63	5,503,415,120.00	10,116,305,455.54	8,348,492,403.47

borrowings					
Cash received from other financing activities	62	168,624.69	-	37,170,911.00	37,170,911.00
<b>Sub-total of cash inflows</b>		<b>8,012,906,351.42</b>	<b>5,503,967,621.00</b>	<b>10,290,384,714.54</b>	<b>8,456,627,862.47</b>
Repayments of borrowings		8,712,869,548.16	6,632,093,487.60	7,847,774,255.00	6,450,594,963.03
Payment for dividends, profit distributions or interest		740,985,630.07	673,297,183.20	614,429,249.87	606,766,251.69
Including: Dividends and profits paid to non-controlling owners of subsidiaries		28,896,451.17	-	42,490,812.96	-
Cash paid relating to other financing activities	62	46,695,215.56	20,405,206.58	88,128,013.51	34,000,331.32
<b>Sub-total of cash outflows</b>		<b>9,500,550,393.79</b>	<b>7,325,795,877.38</b>	<b>8,550,331,518.38</b>	<b>7,091,361,546.04</b>
<b>Net cash flows from financing activities</b>		<b>-1,487,644,042.37</b>	<b>-1,821,828,256.38</b>	<b>1,740,053,196.16</b>	<b>1,365,266,316.43</b>
<b>IV.Effect of foreign exchange rate changes on cash and cash equivalents</b>		<b>23,729,268.53</b>	<b>24,038,713.62</b>	<b>13,626,961.96</b>	<b>-5,857,072.90</b>
<b>V.Net increase in cash and cash equivalents</b>		<b>-333,902,151.08</b>	<b>-408,040,322.39</b>	<b>783,892,200.49</b>	<b>344,954,228.67</b>
Add: Cash and cash equivalents at the beginning of the period		2,158,167,759.86	1,236,058,716.15	1,374,275,559.37	891,104,487.48
<b>VI.Cash and cash equivalent at the end of the period</b>		<b>1,824,265,608.78</b>	<b>828,018,393.76</b>	<b>2,158,167,759.86</b>	<b>1,236,058,716.15</b>

 Legal Representative: Hua Xue  
 Yang

Person in Charge of Accounting Function: Shaolin

Person in Charge of Accounting Department: Shaolin Yang

**Consolidated Statements of Changes in Owners' Equity**

[English translation for reference only]

Prepared by Guangdong Haid Group Co., Limited

Unit: RMB

Item	Year ended 31/12/2019											
	Attributable to shareholders' equity of the parent company										Non-controlling interests	Total of shareholders' equity
	Share capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Specific reserve	Surplus reserve	Retained earnings		
Preference shares		Perpetual debt	Others									
<b>I. Balance at the end of last year</b>	1,581,211,084.00	-	-	-	2,010,778,182.22	251,038,100.40	7,600,777.65	-	518,730,727.06	3,878,656,406.43	477,986,956.94	8,223,926,033.90
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-
Correction of prior period errors	-	-	-	-	-	-	-	-	-	-	-	-

Adjustments for business combinations involving enterprises under common control	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-
<b>II. Balance at the beginning of the year</b>	<b>1,581,211,084.00</b>	-	-	-	<b>2,010,778,182.22</b>	<b>251,038,100.40</b>	<b>7,600,777.65</b>	-	<b>518,730,727.06</b>	<b>3,878,656,406.43</b>	<b>477,986,956.94</b>	<b>8,223,926,033.90</b>
<b>III. Changes in equity during the year ("for decrease")</b>	<b>-853,590.00</b>	-	-	-	<b>108,013,924.21</b>	<b>-78,497,534.20</b>	<b>-2,308,513.75</b>	-	<b>115,677,076.65</b>	<b>1,058,824,222.74</b>	<b>160,213,619.81</b>	<b>1,518,064,273.86</b>
(I) Total comprehensive income	-	-	-	-	-	-	-2,308,513.75	-	-	1,648,762,579.59	140,228,834.44	1,786,682,900.28
(II) Shareholders' contribution	-853,590.00	-	-	-	10,888,051.86	-70,933,160.20	-	-	-	-	48,525,325.89	129,492,947.95

Decrease of capital												
1. Contribution by ordinary shareholders	-853,590.00	-	-	-	-5,545,900.60	-70,933,160.20	-	-	-	-	47,724,233.45	112,257,903.05
2. Contribution by other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-
3. Equity settled share-based payments	-	-	-	-	17,414,992.86	-	-	-	-	-	801,092.44	18,216,085.30
4. Others	-	-	-	-	-981,040.40	-	-	-	-	-	-	-981,040.40
(III) Appropriation of profits	-	-	-	-	-	-7,564,374.00	-	-	115,677,076.65	-589,938,356.85	-28,540,540.52	-495,237,446.72
1. Appropriation for surplus reserves	-	-	-	-	-	-	-	-	115,677,076.65	-115,677,076.65	-	-
2. Appropriation	-	-	-	-	-	-	-	-	-	-	-	-



on to general reserve												
3. Distributions to shareholders	-	-	-	-	-	-7,564,374.00	-	-	-	-474,261,280.20	-23,809,602.33	-490,506,508.53
4. Others	-	-	-	-	-	-	-	-	-	-	-4,730,938.19	-4,730,938.19
(IV) Transfer within equity	-	-	-	-	-	-	-	-	-	-	-	-
1.Share capital increased by capital reserves transfer	-	-	-	-	-	-	-	-	-	-	-	-
2.Share capital increased by surplus reserves transfer	-	-	-	-	-	-	-	-	-	-	-	-
3.Transfer of surplus reserve to	-	-	-	-	-	-	-	-	-	-	-	-

offset losses												
4. Changes in defined benefit pension schemes transferred to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-
5. Transfer other comprehens ive income to retained earning	-	-	-	-	-	-	-	-	-	-	-	-
6.Ot hers	-	-	-	-	-	-	-	-	-	-	-	-
(V) Specific Reserve	-	-	-	-	-	-	-	-	-	-	-	-
1. Appropriati on during the year	-	-	-	-	-	-	-	-	-	-	-	-
2. Utilization during the	-	-	-	-	-	-	-	-	-	-	-	-

year												
(VI)Others	-	-	-	-	97,125,872.35	-	-	-	-	-	-	97,125,872.35
<b>IV.Balance at the end of the year</b>	<b>1,580,357,494.00</b>	-	-	-	<b>2,118,792,106.43</b>	<b>172,540,566.20</b>	<b>5,292,263.90</b>	-	<b>634,407,803.71</b>	<b>4,937,480,629.17</b>	<b>638,200,576.75</b>	<b>9,741,990,307.76</b>

Item	Year ended 31/12/2018											
	Attributable to shareholders' equity of the parent company										Non-controlling interests	Total of shareholders' equity
	Share capital	Other equity instruments			Non-controlling interests	Less:treasury shares	Other comprehensive income	Specific reserve	Surplus reserve	Retained earnings		
Preference share		Perpetual debt	Others									
<b>I. Balance at the end of last year</b>	<b>1,575,237,054.00</b>	-	-	-	<b>1,849,285,839.41</b>	<b>302,540,781.00</b>	<b>-2,771,414.88</b>	-	<b>381,963,650.77</b>	<b>2,973,520,338.94</b>	<b>362,234,787.13</b>	<b>6,836,929,474.37</b>
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-
Correction	-	-	-	-	-	-	-	-	-	-	-	-

of prior period errors												
Adjustments for business combinations involving enterprises under common control	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-
<b>II. Balance at the beginning of the year</b>	<b>1,575,237,054.00</b>	-	-	-	<b>1,849,285,839.41</b>	<b>302,540,781.00</b>	<b>-2,771,414.88</b>	-	<b>381,963,650.77</b>	<b>2,973,520,338.94</b>	<b>362,234,787.13</b>	<b>6,836,929,474.37</b>
<b>III. Changes in equity during the year ("for decrease")</b>	<b>5,974,030.00</b>	-	-	-	<b>161,492,342.81</b>	<b>-51,502,680.60</b>	<b>10,372,192.53</b>	-	<b>136,767,076.29</b>	<b>905,136,067.49</b>	<b>115,752,169.81</b>	<b>1,386,996,559.53</b>
(I) Total comprehensive income	-	-	-	-	-	-	10,372,192.53	-	-	1,437,281,732.28	42,934,187.81	1,490,588,112.62

(II) Shareholder s' contribution s and decrease of capital	5,974,030.00	-	-	-	78,666,740.59	-42,608,730.60	-	-	-	-	69,838,830.92	197,088,332.11
1.Co ntribution by ordinary shareholders	5,974,030.00				51,265,457.40	-42,608,730.60	-	-	-	-	65,943,800.00	165,792,018.00
2.Co ntribution by other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-
3. Equity settled share-based payments	-	-	-	-	32,414,924.98	-	-	-	-	-	1,609,910.93	34,024,835.91
4. Others	-	-	-	-	-5,013,641.79	-	-	-	-	-	2,285,119.99	-2,728,521.80
(III) Appropriati on of profits	-	-	-	-	-	-8,893,950.00	-	-	136,767,076.29	-532,145,664.79	-42,300,348.27	-428,784,986.77
1. Appropriati on for	-	-	-	-	-	-	-	-	136,767,076.29	-136,767,076.29	-	-

surplus reserves												
2. Appropriation to general reserve	-	-	-	-	-	-	-	-	-	-	-	-
3. Distributions to shareholders	-	-	-	-	-	-8,893,950.00	-	-	-	-395,378,588.50	-42,300,348.27	-428,784,986.77
4. Others	-	-	-	-	-	-	-	-	-	-	-	-
(IV) Transfer within equity	-	-	-	-	-	-	-	-	-	-	-	-
1.Share capital increased by capital reserves transfer	-	-	-	-	-	-	-	-	-	-	-	-
2.Share capital increased by surplus reserves transfer	-	-	-	-	-	-	-	-	-	-	-	-

3.Tr ansfer of surplus reserve to offset losses	-	-	-	-	-	-	-	-	-	-	-	-
4. Changes in defined benefit pension schemes transferred to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-
5. Transfer other comprehens ive income to retained earning	-	-	-	-	-	-	-	-	-	-	-	-
6.Ot hers	-	-	-	-	-	-	-	-	-	-	-	-
(V) Specific Reserve	-	-	-	-	-	-	-	-	-	-	-	-
1. Appropriati on during	-	-	-	-	-	-	-	-	-	-	-	-

the year												
2. Utilization during the year	-	-	-	-	-	-	-	-	-	-	-	-
(VI) Others	-	-	-	-	82,825,602.22	-	-	-	-	-	45,279,499.35	128,105,101.57
<b>IV. Balance at the end of the year</b>	<b>1,581,211,084.00</b>	-	-	-	<b>2,010,778,182.22</b>	<b>251,038,100.40</b>	<b>7,600,777.65</b>	-	<b>518,730,727.06</b>	<b>3,878,656,406.43</b>	<b>477,986,956.94</b>	<b>8,223,926,033.90</b>

Legal Representative: Hua Xue

Person in Charge of Accounting Function: Shaolin

Yang

Person in Charge of Accounting Department: Shaolin Yang

### Parent Company Statements of Changes in Owners' Equity

*[English translation for reference only]*

Prepared by Guangdong Haid Group Co., Limited

Unit: RMB

Item	Year ended 31/12/2019										
	Share capital	Other equity instruments			Capital reserve	Less:treasury shares	Other comprehensive income	Specific reserve	Surplus reserve	Retained earnings	Total of shareholders' equity
		Preference share	Perpetual debt	Others							
<b>I. Balance at the end of last year</b>	<b>1,581,211,084.00</b>	-	-	-	<b>2,089,547,854.24</b>	<b>251,038,100.40</b>	-	-	<b>518,730,727.06</b>	<b>2,501,542,551.12</b>	<b>6,439,994,116.02</b>



Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-
Correction of prior period errors	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-
<b>II. Balance at the beginning of the year</b>	<b>1,581,211,084.00</b>	-	-	-	<b>2,089,547,854.24</b>	<b>251,038,100.40</b>	-	-	<b>518,730,727.06</b>	<b>2,501,542,551.12</b>	<b>6,439,994,116.02</b>
<b>III.Changes in equity during the year( "- "for decrease)</b>	<b>-853,590.00</b>	-	-	-	<b>113,372,981.62</b>	<b>-78,497,534.20</b>	-	-	<b>115,677,076.65</b>	<b>566,832,409.67</b>	<b>873,526,412.14</b>
(I)Total comprehensive income	-	-	-	-	-	-	-	-	-	1,156,770,766.52	1,156,770,766.52
(II) Shareholders' contributions and decrease of capital	-853,590.00	-	-	-	12,670,184.70	-70,933,160.20	-	-	-	-	82,749,754.90
1.Contribution by ordinary shareholders	-853,590.00	-	-	-	-5,545,900.60	-70,933,160.20	-	-	-	-	64,533,669.60
2.Contribution by other equity instruments	-	-	-	-	-	-	-	-	-	-	-

3. Equity settled share-based payments	-	-	-	-	18,216,085.30	-	-	-	-	-	18,216,085.30
4. Others	-	-	-	-	-	-	-	-	-	-	-
(III) Appropriation of profits	-	-	-	-	-	-7,564,374.00	-	-	115,677,076.65	-589,938,356.85	-466,696,906.20
1. Appropriation for surplus reserves	-	-	-	-	-	-	-	-	115,677,076.65	-115,677,076.65	-
2. Appropriation to general reserve	-	-	-	-	-	-	-	-	-	-	-
3. Distributions to shareholders	-	-	-	-	-	-7,564,374.00	-	-	-	-474,261,280.20	-466,696,906.20
4. Others	-	-	-	-	-	-	-	-	-	-	-
(IV) Transfer within equity	-	-	-	-	-	-	-	-	-	-	-
1.Share capital increased by capital reserves transfer	-	-	-	-	-	-	-	-	-	-	-
2.Share capital increased by surplus reserves transfer	-	-	-	-	-	-	-	-	-	-	-
3.Transfer of	-	-	-	-	-	-	-	-	-	-	-

surplus reserve to offset losses											
4. Changes in defined benefit pension schemes transferred to retained earnings	-	-	-	-	-	-	-	-	-	-	-
5. Transfer other comprehensive income to retained earning	-	-	-	-	-	-	-	-	-	-	-
6.Others	-	-	-	-	-	-	-	-	-	-	-
(V) Specific Reserve	-	-	-	-	-	-	-	-	-	-	-
1. Appropriation during the year	-	-	-	-	-	-	-	-	-	-	-
2. Utilization during the year	-	-	-	-	-	-	-	-	-	-	-
(VI)Others	-	-	-	-	100,702,796.92	-	-	-	-	-	100,702,796.92
<b>IV.Balance at the end of the year</b>	<b>1,580,357,494.00</b>	-	-	-	<b>2,202,920,835.86</b>	<b>172,540,566.20</b>	-	-	<b>634,407,803.71</b>	<b>3,068,374,960.79</b>	<b>7,313,520,528.16</b>

Item	Year ended 31/12/2018										
	Share capital	Other equity instruments			Capital reserve	Less:treasury shares	Other comprehensive income	Specific reserve	Surplus reserve	Retained earnings	Total of shareholders' equity
		Preference share	Perpetual debt	Others							
<b>I. Balance at the end of last year</b>	1,575,237,054.00	-	-	-	1,914,381,221.12	302,540,781.00	-	-	381,963,650.77	1,666,017,453.05	5,235,058,597.94
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-
Correction of prior period errors	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-
<b>II. Balance at the beginning of the year</b>	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
<b>III. Changes in equity during the</b>	5,974,030.00	-	-	-	175,166,633.12	-51,502,680.60	-	-	136,767,076.29	835,525,098.07	1,204,935,518.08

year( "- "for decrease)											
(I)Total comprehens ive income	-	-	-	-	-	-	-	-	-	1,367,670,762.86	1,367,670,762.86
(II) Shareholder s' contribution s and decrease of capital	5,974,030.00	-	-	-	85,290,293.31	-42,608,730.60	-	-	-	-	133,873,053.91
1.Co ntribution by ordinary shareholders	5,974,030.00	-	-	-	82,147,943.11	-42,608,730.60	-	-	-	-	130,730,703.71
2.Co ntribution by other equity instruments	-	-	-	-	-	-	-	-	-	-	-
3. Equity settled share-based payments	-	-	-	-	3,142,350.20	-	-	-	-	-	3,142,350.20
4.	-	-	-	-	-	-	-	-	-	-	-

Others											
(III) Appropriation of profits	-	-	-	-	-	-8,893,950.00	-	-	136,767,076.29	-532,145,664.79	-386,484,638.50
1. Appropriation for surplus reserves	-	-	-	-	-	-	-	-	136,767,076.29	-136,767,076.29	-
2. Appropriation to general reserve	-	-	-	-	-	-	-	-	-	-	-
3. Distributions to shareholders	-	-	-	-	-	-8,893,950.00	-	-	-	-395,378,588.50	-386,484,638.50
4. Others	-	-	-	-	-	-	-	-	-	-	-
(IV) Transfer within equity	-	-	-	-	-	-	-	-	-	-	-
1.Share capital increased by capital	-	-	-	-	-	-	-	-	-	-	-

reserves transfer											
2.Share capital increased by surplus reserves transfer	-	-	-	-	-	-	-	-	-	-	-
3.Transfer of surplus reserve to offset losses	-	-	-	-	-	-	-	-	-	-	-
4.Changes in defined benefit pension schemes transferred to retained earnings	-	-	-	-	-	-	-	-	-	-	-
5.Transfer other comprehensive income to retained	-	-	-	-	-	-	-	-	-	-	-

earning											
6.Others	-	-	-	-	-	-	-	-	-	-	-
(V) Specific Reserve	-	-	-	-	-	-	-	-	-	-	-
1. Appropriation during the year	-	-	-	-	-	-	-	-	-	-	-
2. Utilization during the year	-	-	-	-	-	-	-	-	-	-	-
(VI)Others	-	-	-	-	89,876,339.81	-	-	-	-	-	89,876,339.81
<b>IV.Balance at the end of the year</b>	<b>1,581,211,084.00</b>	-	-	-	<b>2,089,547,854.24</b>	<b>251,038,100.40</b>	-	-	<b>518,730,727.06</b>	<b>2,501,542,551.12</b>	<b>6,439,994,116.02</b>

Legal Representative: Hua Xue

Person in Charge of Accounting Function: Shaolin

Yang

Person in Charge of Accounting Department: Shaolin Yang



## I Company Profile

### 1. Company's 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”) is a share limited company registered in Guangdong Province, which 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. The Company's headquarter and register address is located in Room 701, Block 2, No. 42, Wanbo 4th Road, Nancun Town, Panyu District, Guangzhou City, Guangdong Province.

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, 2019, the total shares of the Company were 1,580,357,494, of which 26,864,989 were restricted shares, accounting for 1.70% of the total shares, and 1,553,492,505 were non-restricted shares, accounting for 98.30% of the total shares.

The Company and its subsidiaries (hereinafter referred to as the “Group”) competes in the feed industry, the main products include aquatic and livestock feed, high-quality aquatic animal seedlings, animal health products, biological products, pig breeding and so on, covering all business links such as R & D, design, production, sales and service of various products.

The financial statements and notes have been approved by the ninth meeting of the fifth board of directors of the Company on April 18, 2020.

### 2. Scope of Consolidated Financial Statements

A total of 317 subsidiaries were included in the scope of the consolidated financial statements of the current year. 50 entities were added into and 5 entities were removed from the consolidation scope of the current year when compared to that of last year. For further information, please refer to “VI Changes in Consolidation Scope” and “VII Interests in Other Entities” herein.

## II Basis of preparation

The financial statements are prepared in accordance with the Accounting Standards for Business Enterprises and corresponding application guidance, interpretations and other related provisions issued by the Ministry

of Finance (collectively, " Accounting Standards for Business Enterprises "). In addition, the Group also disclosed the relative financial information according to the Explanatory Announcement No. 15 on Information Disclosure for Companies Offering Their Securities to the Public—General Requirements for Financial Reporting (2014 version) issued by the China Securities Regulatory Commission.

The financial statements of the Company have been prepared on going concern basis.

The accounting of the Group is based on the basis of accrual accounting and measured at historical cost in addition to certain financial instruments. Non-current assets held for sale are measured at the lower of the following two amounts: (a) The amount of the fair value less estimated costs; (b) The book value when it was recognized as held for sale. If the assets were impaired, there would be provision of impairment according to relevant regulations.

### **III Significant accounting policies and accounting estimates**

The Group determines revenue recognition policy according to its production and operation characteristics and relative requirement in Accounting Standards for Business Enterprises. For more information about accounting policy, please refer to Note III.27.

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

The financial statements have been prepared in compliance with the Accounting Standards for Business Enterprises to truly and completely present the Company's and consolidated financial position as at December 31, 2019 and the Company's and consolidated operating results and cash flows for the year ended December 31, 2019.

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

The accounting period of the Company is from 1 January to 31 December.

#### **3. Operating Cycle**

The Group has regarded 12 months as one operating cycle.

#### **4. Functional currency**

The Company and its domestic subsidiaries use Renminbi ("RMB") as its functional currency. The overseas subsidiary engages in overseas operations need to determine their functional currency according to the main economic environment in which they operate. The financial statements of the Company have been prepared in RMB.

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

### (1) Business combinations involving enterprises under common control

For a business combination involving enterprises under common control, the assets acquired and liabilities assumed are measured based on their carrying amounts in the consolidated financial statements of the ultimate controlling party at the combination date, except for adjustments due to different accounting policies. The difference between the carrying amount of the net assets acquired and the consideration paid for the combination is adjusted against share premium in the capital reserve (share capital premium), with any excess adjusted against retained earnings.

For a business combination involving enterprises under common control achieved in stages that involves multiple exchange transactions.

In the individual financial statements, the share of the book value of combined party's net assets in the ultimate controller's consolidated financial statements which calculated by the share ratio in combination date is regarded as the initial investment cost of this investment; the difference between the initial investment cost and the sum of the book value of the investment before combination and the book value of new consideration paid in combination date, is adjusted against share premium in the capital reserve (share capital premium), with any excess adjusted against retained earnings.

In the consolidated financial statements, the assets acquired and liabilities assumed are measured based on their carrying amounts in the consolidated financial statements of the ultimate controlling party at the combination date, except for adjustments due to different accounting policies; the difference between the sum of the book value of the investment before combination and the book value of new consideration paid in combination date, and the book value of the net asset acquired in the combination, is adjusted against share premium in the capital reserve (share capital premium), with any excess adjusted against retained earnings. The long-term equity investment held by the merging party before acquiring control of the combined party, the changes in profit or loss, other comprehensive income and other owner's equity recognized from the later of the date acquired the former equity and the date which the merging party and merged party under final common control by the same party's to the merge date, should be written off the retained earnings in the beginning and current gains and loss of the comparative statement period separately.

### (2) Business combinations involving enterprises not under common control

For business combinations involving enterprises not under common control, the consideration costs include acquisition-date fair value of assets transferred, liabilities incurred or assumed and equity securities issued by the acquirer in exchange for control of the acquiree. At the acquisition date, the acquired assets, liabilities and contingent liabilities of the acquiree are measured at their fair value. The acquiree's identifiable asset, liabilities and contingent liabilities, are recognized at their acquisition-date fair value.

Where the combination cost exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognized as goodwill, and subsequently measured on the basis of its cost less accumulated impairment provisions. Where the combination cost is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognized in profit or loss for the current period after reassessment.

For a business combination achieved in stages that involves multiple exchange transactions

In the individual financial statements, the initial investment cost is the sum of the book value of the equity investment held by the purchased party before the purchase date and the new investment cost on the purchase date. The equity investment is recognized as other comprehensive income by using equity method, this part of other comprehensive income is not adjusted in the purchase date, when disposal this investment, using the same basis as the investee directly dispose of related assets or liabilities for accounting treatment; equity recognized due to changes in the other equity of the investee (other than the changes in net profit and loss, other comprehensive income and profit distribution), is transferred to the gain or loss in the disposal period when this investment is disposed. If the equity investment held before the purchase date is measured at fair value, the cumulative change in fair value that was originally included in other comprehensive income is transferred to profit or loss in the current period when the cost method is used.

In the consolidated financial statements, the cost of combination amount to the sum of the consideration paid at the acquisition date and the fair value of equity investment of the acquire held prior to the acquisition date in consolidated financial statements. The cost of equity investment of the acquire held prior to the acquisition date shall be re-measured at the fair value at the acquisition date, the difference between the fair value and par value shall be recognized as investment income. Other comprehensive income related with equity investment held prior to the purchase date shall be transferred to investment income for the current period, except for the comprehensive income arising from the movement of net liabilities or assets in the former subsidiary's re-measurement of defined benefit plan.

### (3) The accounting treatment with the transaction cost in business combination

The overhead for the business combination, including the expenses for audit, legal services, valuation advisory, and other administrative expenses, are recorded in profit or loss for the current period when incurred. The transaction costs of equity or debt securities issued as the considerations of business combination are included in the initial recognition amount of the equity or debt securities.

## 6. Consolidated financial statements

### (1) Scope of consolidated financial statements

The scope of consolidated financial statements is based on control. Control exists when the Company has power over the investee; exposure, or rights to variable returns from its involvement with the investee and

has the ability to affect its returns through its power over the investee. A subsidiary is an entity that is controlled by the Company (including enterprise, a portion of an investee as a deemed separate component, and structured entity controlled by the enterprise).

## (2) Basis of preparation of consolidated financial statements

The consolidated financial statements are prepared by the Company based on the financial statements of the Company and its subsidiaries and other relevant information. When preparing consolidated financial statements, the accounting policies and accounting periods of the subsidiaries should be consistent with those established by the Company, and all significant intra-group balances and transactions are eliminated.

Where a subsidiary or business was acquired during the reporting period, through a business combination involving enterprises under common control, the financial statements of the subsidiary or business are included in the consolidated financial statements as if the combination had occurred at the date that the ultimate controlling party first obtained control.

Where a subsidiary or business was acquired during the reporting period, through a business combination involving enterprises not under common control, the identifiable assets and liabilities of the acquired subsidiaries or business are included in the scope of consolidation from the date that control commences.

The portion of a subsidiary's equity that is not attributable to the parent is treated as non-controlling interests and presented separately in the consolidated balance sheet within shareholders' equity. The portion of net profit or loss of subsidiaries for the period attributable to non-controlling interests is presented separately in the consolidated income statement below the "net profit" line item. When the amount of loss for the current period attributable to the non-controlling shareholders of a subsidiary exceeds the non-controlling shareholders' share of the opening owners' equity of the subsidiary, the excess is still allocated against the non-controlling interests.

## (3) Purchase stock equities from minority shareholders of its subsidiaries

For acquisition of minority interests or disposals of interests in a subsidiary that do not result in the loss of control over the subsidiary the carrying amounts of the parent's interests and minority interests are adjusted to reflect the changes in their relative interests in the subsidiary. The difference between the amount by which the minority interests are adjusted and the fair value of the consideration paid or received is adjusted to capital reserve. If the capital reserve is not sufficient to absorb the difference, the excess is adjusted against retained earnings.

## (4) Disposal of subsidiaries

When the Company loses control over a subsidiary because of disposing part of equity investment or other reasons, the remaining part of the equity investment is re-measured at fair value at the date when the control is lost. A gain or loss is recognised in the current period and is calculated by the aggregate of consideration

received in disposal and the fair value of remaining part of the equity investment deducting the sum of the share of net assets book value and goodwill in proportion to previous shareholding percentage in the former subsidiary since acquisition date and the goodwill.

Other comprehensive income related to the former subsidiary is transferred to profit or loss when the control is lost, except for the comprehensive income arising from the movement of net liabilities or assets in the former subsidiary's re-measurement of defined benefit plan.

(5) The treatment of disposal of investments through multiple transactions until loss of control

Where the terms, conditions and economic impact of each transaction that disposes of equity step by step through multiple transactions until loss of control meet one or more of the following conditions, the Company will combine multiple transactions into bundled transaction for accounting treatment:

- ① They are entered into at the same time or in contemplation of each other;
- ② These transactions as a whole can achieve a complete business result;
- ③ The occurrence of one transaction depends on the occurrence of at least one other transaction;
- ④ A transaction alone is uneconomical, but it is economical when considered together with other transactions.

In the individual financial statements, where each transaction that disposes of equity until it loses control is not "bundled transaction", recognize the book value of the long-term equity investment corresponding to every equity disposal, the difference between income tax and the book value of disposed long-term equity investment shall recognize in investment income in the current period; where each transaction is "bundled transaction", before the loss of control, the difference between the price of each disposal and the book value of the long-term equity investment corresponding to the disposed equity is first recognized as other comprehensive income, and then transferred to the current loss when the control is lost.

In the consolidated financial statements, when the Company disposal of investments step by step through multiple transactions until loss of control, the evaluation of remaining share and accounting for the disposal of equity gain or loss can refer to the aforementioned "treatment of loss of control of the subsidiary". Before the loss of control, the difference between the price of each disposal and the corresponding share of the net asset book value of the subsidiary since the purchase date corresponding to the disposal of the investment shall be treated as follows:

- ① If transaction is "bundled transaction", the difference can be recognized as other comprehensive income. When the control is lost, it shall be transferred to the profit and loss of the current period.
- ② If transaction is not "bundled transaction", the difference can be recognized as other comprehensive

income. When the control is lost, it shall be transferred to the profit and loss of the current period.

#### **7. Joint arrangement classification and accounting treatment for joint operation**

A joint arrangement is an arrangement of which two or more parties have joint control. The Company classifies joint arrangements into joint operations and joint ventures.

##### **(1) Joint operations**

A joint operation is a joint arrangement whereby the joint operators have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Group recognizes the following items relating to its interest in a joint operation, and account for them in accordance with relevant accounting standards:

- A、 its solely-held assets, and its share of any assets held jointly;
- B、 its solely-assumed liabilities, and its share of any liabilities assumed jointly;
- C、 its revenue from the sale of its share of the output arising from the joint operation;
- D、 its share of the revenue from the sale of the output by the joint operation;
- E、 its solely-incurred expenses, and its share of any expenses incurred jointly.

##### **(2) Joint ventures**

A joint venture is a joint arrangement whereby the joint ventures have rights to the net assets of the arrangement.

The Group adopts equity method under long-term equity investment in accounting for its investment in joint venture.

#### **8. Cash and cash equivalents**

Cash comprises cash in hand and deposits that can be readily withdrawn on demand. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

#### **9. Foreign currency transactions and translation of foreign currency financial statements**

##### **(1) Foreign currency transactions**

Foreign currency transactions are translated to the functional currency of the Company at the spot exchange

rates or approximate the spot exchange rates [usually, it refers to the middle rate of the foreign exchange rate published by the People's Bank of China] on the dates of the transactions.

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the balance sheet date. The resulting exchange differences between the spot exchange rate on balance sheet date and the spot exchange rate on initial recognition or on the previous balance sheet date are recognized in profit or loss. Non-monetary items that are measured at historical cost in foreign currencies are translated to Renminbi using the exchange rate at the transaction date. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rate at the date the fair value is determined. The resulting exchange differences are recognized in profit or loss.

## (2) Translation of foreign currency financial statements

When translating the foreign currency financial statements of overseas subsidiaries, assets and liabilities of foreign operation are translated to Renminbi at the spot exchange rate at the balance sheet date. Equity items, excluding “retained earnings”, are translated to Renminbi at the spot exchange rates at the transaction dates.

Income and expenses of foreign operation are translated to Renminbi at the rates determined under a systematic and rational method that approximate the spot exchange rates at the transaction dates.

Cash flow statement of foreign operation is translated to Renminbi at the spot exchange rates at the cash flow occurrence dates. Effect of foreign exchange rate changes on cash and cash equivalents is presented separately as “Effect of foreign exchange rate changes on cash and cash equivalents” in the cash flow statement.

The resulting translation differences are recognised in other comprehensive income in shareholders' equity of balance sheet.

The translation differences accumulated in owner's equity with respect to a foreign operation are transferred to profit or loss in the period when the foreign operation is disposed.

## 10. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or an equity instrument of another enterprise.

### (1) Recognition and derecognition of financial instruments

A financial asset or a financial liability is recognized when the Group becomes a party to the contractual provisions of a financial instrument.

If one of the following criteria is met, a financial asset is derecognized:



- A. The contractual rights to the cash flows from the financial asset expire; or
- B. The financial asset was transferred, and the transfer qualifies for derecognition in accordance with criteria set out below in “Transfer of Financial Assets”.

A financial liability (or part of it) is derecognized when its contractual obligation (or part of it) is discharged or cancelled or expires. If the Group (as a debtor) makes an agreement with the creditor to replace the current financial liability with assuming a new financial liability, and contractual provisions are different in substance, the current financial liability is derecognized and a new financial liability is recognized.

If the financial assets are traded regularly, the financial assets are recognized and derecognized at the transaction date.

## (2) Classification and measurement of financial assets

The Group classifies financial assets into three categories at initial recognition according to the business model for managing financial assets and the contractual cash flow characteristics of financial assets: financial assets measured at amortized cost, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

### **Financial assets measured at amortized cost**

The Group classifies financial assets that meet the following conditions and are not designated as fair value through profit or loss and are classified as financial assets measured at amortized cost:

- The business model for managing this financial asset is to collect contractual cash flows;
- The contract terms of the financial asset stipulate that the cash flow generated on a specific date is only for the payment of principal and interest based on the outstanding principal.

After initial recognition, the effective interest rate method is adopted to measure such financial assets at amortized cost. Gains or losses arising from financial assets that are measured at amortized cost and are not part of any hedging relationship are included in profit or loss when they are derecognized, amortized according to the effective interest rate method, or recognized for impairment.

### **Financial assets at fair value through other comprehensive income**

The Group classifies financial assets that meet the following conditions and are not designated as fair value through profit or loss and are classified as financial assets at fair value through other comprehensive income:

- The business model for managing the financial asset is aimed at both collecting contractual cash flow and selling the financial asset;
- The contract terms of the financial asset stipulate that the cash flow generated on a specific date is only for the payment of principal and interest based on the outstanding principal.

After initial recognition, this kind of financial assets measure at fair value. Interest, impairment losses or gains calculated by the effective interest rate method and exchange gains and losses are included in the current profit and loss, and other gains or losses are included in other comprehensive income. When they are derecognized, the accumulated gains or losses previously included in other comprehensive income are transferred out of other comprehensive income and included in the current profit and loss.

#### **Financial assets at fair value through current gain and loss**

Except for the above financial assets measured at amortized cost and financial assets at fair value through other comprehensive income, the Group classifies all remaining financial assets as financial assets measured at fair value through current gain and loss. In the initial recognition, to eliminate or significantly reduce accounting mismatches, the Group irrevocably designates some financial assets that should be measured at amortized cost or measured at fair value through other comprehensive income as financial assets at fair value through current gain and loss.

After the initial recognition, for subsequent measurement of such financial assets at fair value, the resulting gains or losses (including interest and dividend income) are included in the current profit and loss unless the financial asset is part of the hedging relationship.

#### **Business model for managing financial assets and evaluation of contractual cash flow characteristics of financial assets**

The business model for managing financial assets refers to how the Group manages financial assets to generate cash flows. The business model determines whether the source of the cash flow of financial assets managed by the Group is to collect contractual cash flows, sell financial assets, or both. The Group determines the business model for managing financial assets based on objective facts and on the basis of specific business objectives determined by key management personnel for the management of financial assets.

The Group evaluates the contractual cash flow characteristics of financial assets to determine whether the contractual cash flow generated by the relevant financial assets on a specific date is only the payment for principal and interest based on the outstanding principal amount. Among them, principal refers to the fair value of financial assets at initial recognition; interest includes the time value of money, the credit risk associated with the amount of outstanding principal in a specific period, and the consideration of other basic borrowing risks, costs, and profits. In addition, the Group evaluates contract terms that may result in changes in the time distribution or amount of contractual cash flows of financial assets to determine whether it meets

the requirements of the contractual cash flow characteristics described above.

Only when the Group changes the business model for managing financial assets, all affected related financial assets are reclassified on the first day of the first reporting period after the business model is changed, otherwise the financial assets cannot be reclassified after initial recognition.

Financial assets are measured at fair value at initial recognition. For financial assets measured at fair value and whose changes are included in profit or loss, the relevant transaction costs are directly included in the current profit and loss; for other kind of financial assets, related transaction costs are included in the initial recognized amount. For accounts receivable arising from the sale of products or the provision of labor services that do not contain or do not consider significant financing components, the Group recognizes the amount to be expected received as the initial recognition amount.

### (3) Classification and measurement of financial liabilities

The Company classifies financial liabilities into different categories at initial recognition: financial liabilities at fair value through profit or loss, and financial liabilities measured at amortized cost. For financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial liabilities, any related directly attributable transaction costs are included in their initial costs.

#### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated to financial liabilities at fair value through profit or loss on initial recognition. Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, and changes therein and any dividend or interest income earned on the financial liabilities are recognized in profit or loss.

#### **Financial liabilities measured at amortized cost**

Other financial liabilities are measured at amortized cost using the effective interest method. Gains and losses arising from derecognition or amortization is recognized in profit or loss for the current period.

#### **Financial guarantee contract**

The financial guarantee contract is not a financial liability designated as measured at fair value and its changes are included in the current profit and loss, it is measured at fair value during initial recognition, and subsequently measured in accordance with the higher of the loss provision for the estimated liability determined using the expected credit loss model and the balance after the initial recognition amount deducts the accumulated amortization amount.

### **The distinction between financial liabilities and equity instrument**

A financial liability is recognized if one of the following conditions is satisfied:

- A. a contractual obligation to deliver cash or another financial asset to another entity;
- B. a contractual obligation to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company;
- C. a non-derivative contract that will or may be settled in the Company's own equity instruments and the Company is obliged to deliver a variable number of the Company's own equity instruments;
- D. a derivative contract that will or may be settled in the Company's own equity instruments, except for a derivative contract that is settled by the exchange of a fixed number of the Company's own equity instruments for a fixed amount of cash or other financial assets.

An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle a contractual obligation, the obligation meets the definition of a financial liability.

If a financial instrument will or may be settled in the Group's own equity instruments, classification of the instrument depends on whether the Group's own equity instruments work as the replacement of cash or other financial instrument, or represent the investor's residual interest in the Group's assets after deducting all its liabilities. In the former case, the instrument is classified as a financial liability; in the latter case, the instrument is classified as an equity instrument.

#### **(4) Derivative financial instruments and embedded derivative instruments**

Derivative financial instruments of the Group are initially measured at their fair value at the date a derivative contract entered into and subsequently measured at their fair value. Derivative financial instruments of positive fair value are recognized as assets; those of negative fair value are recognized as liabilities. Any gains or losses arising from changes in fair value which do not meet the requirements of hedge accounting are directly recognized to profit or loss for the current period.

For hybrid instruments containing embedded derivatives, if the main contract is a financial asset, the relevant provisions of the financial asset classification apply to the hybrid instrument as a whole. If the main contract is not a financial asset, and the hybrid instrument is not measured at fair value and its changes are included in the current profit and loss for accounting treatment, the embedded derivative does not have a close relationship with the main contract in terms of economic characteristics and risks, and has the same conditions as the embedded derivative, if the separate tool meets the definition of the derivative, the

embedded derivative is split from the mixed tool as a separate derivative financial instrument processing. If the embedded derivative cannot be measured separately at the time of acquisition or on the subsequent balance sheet date, the hybrid instrument as a whole is designated as a financial asset or financial liability measured at fair value through profit or loss.

#### (5) Fair value of financial instruments

Determination of fair value of financial assets and financial liabilities please refers to Note III.11.

#### (6) Impairment of financial assets

Based on expected credit losses, the Group performs impairment accounting for the following items and confirms the loss provision:

- Financial assets carried at amortized cost
- Receivables and debt investments measured at fair value through other comprehensive income;
- Lease receivables
- Financial guarantee contract (except those measured at fair value through profit and loss, the transfer of financial assets does not meet the conditions for derecognition or continue to involve in the transferred financial assets)

#### **Measurement of expected credit losses**

Expected credit loss refers to the weighted average of the credit losses of financial instruments weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows receivable under the contract discounted by the Group at the original effective interest rate and all cash flows expected to received, that is, the present value of all cash shortages.

The company considers reasonable and well-founded information about past events, current conditions and forecasts of future economic conditions, using the risk of default as a weight, calculate the probability-weighted amount of the present value of the difference between the contractual cash flow receivable and the cash flow expected to be received, to confirm the expected credit loss.

The Group separately measures the expected credit losses of financial instruments at different stages. If the credit risk of financial instruments has not increased significantly since the initial recognition, it is in the first stage and the Group measures the loss reserve according to the expected credit losses in the next 12 months; if the credit risk of a financial instrument has increased significantly since the initial recognition but no credit impairment has occurred, it is in the second stage, the Group measures the loss provision according to the expected credit loss of the entire life of the instrument; if the financial instrument has suffered credit impairment since its initial recognition, it is in the third stage, the Group measures the loss allowance based

on the expected credit loss for the entire duration of the instrument.

For financial instruments with lower credit risk on the balance sheet date, the Group assumes that its credit risk has not increased significantly since its initial recognition, and measures loss provisions based on expected credit losses within the next 12 months.

The expected credit loss for the entire duration refers to the expected credit loss caused by all possible default events during the entire expected duration of the financial instrument. The expected credit loss in the next 12 months refers to the event of financial instrument default that may occur within 12 months after the balance sheet date (if the expected duration of the financial instrument is less than 12 months, the estimated duration), expected credit losses are part of the expected credit losses for the entire duration.

When measuring expected credit losses, the longest period that the Group needs to consider is the longest contract period for companies facing credit risk (including consideration of renewal options).

If the financial instruments in the first and second stages and with lower credit risk, the Group calculates interest income based on the book balance before the impairment reserve and actual interest rate. If the financial instruments in the third stages, the Group calculate interest income based on its book balance minus the amortized cost after the provision for impairment and the actual interest rate.

#### 1) Bills receivable, accounts receivables

Regarding bills receivable and accounts receivable, regardless of whether there is a significant financing component, the Group has always measured its loss reserves based on the amount equivalent to the expected credit losses throughout the lifetime.

When a single financial asset cannot estimate the expected credit loss information at a reasonable cost, the Group divides the group of notes receivable and accounts receivable according to the characteristics of credit risk, calculates the expected credit loss on the basis of the group, and determines the group based on the following:

##### A. Bills receivable

- Group 1 of Bills receivable: Bank acceptance bills
- Group 2 of Bills receivable: Commercial acceptance bills
- Group 3 of Bills receivable: Usance letters of credit

##### B. Accounts receivable

- Group 1 of accounts receivable: Feed receivables and related customers receivables
- Group 2 of accounts receivable: Receivable from the related parties within the consolidated scope

- Group 3 of accounts receivable: Receivables from raw materials customers

For bills receivable divided into portfolios, the Group refers to historical credit loss experience, combined with current conditions and predictions of future economic conditions, calculates expected credit losses through default risk exposure and expected credit loss rate for the entire duration.

For the accounts receivable divided into portfolios, the Group refers to the historical credit loss experience, combined with the current situation and the prediction of the future economic situation, to prepare a comparison table of the aging / overdue days of the accounts receivable and the expected credit loss rate of the entire duration, to calculate expected credit losses.

## 2) Other receivables

The Group divides other receivables into several groups based on the characteristics of credit risk, calculates the expected credit losses on the basis of the group, and determines the basis of the combination as follows:

- Group 1 of other receivables: Security deposits
- Group 2 of other receivables: Futures margin
- Group 3 of other receivables: Accounts with external parties
- Group 4 of other receivables: Performance compensation
- Group 5 of other receivables: Petty cash
- Group 6 of other receivables: Receivable from the related parties within the consolidated scope
- Group 7 of other receivables: Others

For other receivables that are divided into portfolios, the Group calculates the expected credit loss through the default risk exposure and the expected credit loss rate within the next 12 months or the entire duration.

## 3) Loans and advances

For the issuance of loans and advances, the Group calculates the expected credit loss through the default risk exposure and the expected credit loss rate within the next 12 months or the entire duration.

## 4) Long-term account receivables

The Group's long-term receivables include financial lease receivables, security deposit receivables, and contract receivables from installment receivables etc.

The Group divides the financial lease receivables, security deposit receivables, and installment receivables contracted receivables into several groups based on the characteristics of credit risk. The expected credit

losses are calculated on the basis of the group and determines the group based on the following:

A、 Payables for finance leases

- Group 1 of finance leases: Receivable from the related parties within the consolidated scope
- Group 2 of finance leases: Receivable from other customers

B、 Other long-term receivables

- Group 1 of long-term receivables: Security deposits receivable
- Group 2 of long-term receivables: Receivable by installments for subcontracting
- Group 3 of long-term receivables: Other receivables

As for receivable by installments for subcontracting and security deposits receivable, the Group refers to historical credit loss experience, combined with current conditions and predictions of future economic conditions, calculates expected credit losses through default risk exposure and expected credit loss rate for the entire duration.

Other than receivable by installments for subcontracting and security deposits receivable, other receivables and lone-term receivables that are classified as groups, the Group calculates the expected credit loss through the default risk exposure and the expected credit loss rate within the next 12 months or the entire duration.

5) Loan investment and other loan investment

As for the loan investment and other loan investment, the Group calculates the expected credit loss based on the nature of the investment, various types of counterparties and risk exposures, through the default risk exposure and the expected credit loss rate within the next 12 months or the entire duration.

**Assessment of significant increase in credit risk**

The Group compares the risk of default of financial instruments on the balance sheet date with the risk of default on the initial recognition date to determine the relative change in the default risk of financial instruments during the expected lifetime to evaluate whether the credit risk of financial instruments has increased significantly since initial recognition.

After confirming whether the credit risk of financial instruments has increased significantly since initial recognition, the Group considers reasonable and evidence-based information that can be obtained without unnecessary extra cost or effort, including forward-looking information. The information considered by the Group includes:

- The debtor fails to pay the principal and interest according to the contract expiration date;



- Severe deterioration of external or internal credit ratings (if any) of financial instruments that have occurred or are expected;
- The serious deterioration of the debtor 's operating results that has occurred or is expected;
- Existing or expected changes in technology, market, economy or legal environment will have a significant adverse effect on the debtor 's ability to repay the Group.

Based on the nature of financial instruments, the Group assesses whether credit risk has increased significantly on the basis of individual financial instruments or a combination of financial instruments. When assessing based on a combination of financial instruments, the Group can classify financial instruments based on common credit risk characteristics, such as overdue information and credit risk ratings.

#### **Financial assets that have suffered credit impairment**

The Group assesses at the balance sheet date whether financial assets measured at amortized cost and credit investments measured at fair value through other comprehensive income have suffered credit impairment. When one or more events that adversely affect the expected future cash flow of a financial asset occur, the financial asset becomes a financial asset that has suffered credit impairment. Evidence of credit impairment of financial assets includes the following observable information:

- The issuer or debtor has major financial difficulties;
- The debtor violates the contract, such as interest or principal payment default or overdue;
- Due to economic or contractual considerations related to the debtor 's financial difficulties, the Group grants the debtor concessions under no other circumstances;
- The debtor is likely to go bankrupt or undergo other financial restructuring;
- The financial difficulties of the issuer or the debtor cause the active market of the financial asset to disappear.

#### **Presentation of expected credit loss provisions**

In order to reflect the changes in the credit risk of financial instruments since initial recognition, the Group remeasures the expected credit losses on each balance sheet date, and the resulting increase or reversal of the loss provision should be counted as an impairment loss or gain into the profit and loss of the current period. For financial assets measured at amortized cost, the loss allowance offsets the book value of the financial asset listed on the balance sheet; for debt investments that are measured at fair value through other comprehensive income, the Group recognizes its loss allowance in other comprehensive income and does not offset the book value of the financial asset.

## Offset

If the Group no longer reasonably expects that the contractual cash flows of financial assets can be recovered in whole or in part, it directly writes down the book balance of the financial asset. Such write-downs constitute the derecognition of related financial assets. This situation usually occurs when the Group determines that the debtor has no assets or a source of income to generate sufficient cash flow to cover the amount that will be written down. However, in accordance with the Group's procedures for recovering due payments, the write-down of financial assets may still be affected by the execution activities.

If the financial asset that has been written down is recovered later, it is included in the current profit and loss as the reversal of the impairment loss.

### (7) Transfer of financial assets

Transfer of financial assets is the transfer or delivery of financial assets to another party (the transferee) other than the issuer of financial assets.

A financial asset is derecognized if the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee. A financial asset is not derecognized if the Group retains substantially all the risks and rewards of ownership of the financial asset to the transferee.

The Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, and the accounting treatment is shown as following: if the Group has forgone control over the financial asset, the financial assets is derecognized, and new assets and liabilities are recognized. If the Group retains control over the financial asset, the financial asset is recognized to the extent of its continuing involvement in the transferred financial asset, and an associated liability is recognized.

### (8) Offset between financial assets and financial liabilities

When the Group has the legal right to offset the recognized financial assets and financial liabilities, is able to carry out the legal right and plans to settle by net amount or realize the financial assets and pay off financial liabilities, the amount after offsetting financial assets and financial liabilities each other is presented in the balance sheet. Financial assets and financial liabilities are presented separately in the balance sheet and not allowed to offset each other.

## 11. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group measures related assets or liabilities at fair value assuming the assets or liabilities are exchanged

in an orderly transaction in the principal market; in the absence of a principal market, assuming the assets or liabilities are exchanged in an orderly transaction in the most advantageous market. Principal market (or the most advantageous market) is the market that the Group can normally enter into a transaction on measurement date. The Group adopts the presumptions that would be used by market participants in achieving the maximized economic value of the assets or liabilities.

For financial assets or financial liabilities with active markets, the Group uses the quoted prices in active markets as their fair value. Otherwise, the Group uses valuation technique to determine their fair value.

Fair value measurement of a non-financial asset takes into account market participants' ability to generate economic benefits using the asset in its best way or by selling it to another market participant that would best use the asset.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs, and using unobservable inputs only if the observable inputs aren't available or impractical.

Fair value level for assets and liabilities measured or disclosed at fair value in the financial statements are determined according to the significant lowest level input to the entire measurement: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date; Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly; Level 3 inputs are unobservable inputs for the assets or liabilities.

At the balance sheet date, the Group revalues assets and liabilities being measured at fair value continuously in the financial statements to determine whether to change the levels of fair value measurement.

## **12. Inventories**

### **(1) Classification**

Inventories include raw materials, finished goods, work in progress, consumptive biological assets and work in process-outsourced etc.

### **(2) Measurement method of cost of inventories**

Inventories are initially measured at cost. Raw materials and finished goods are calculated using weighted average method, for the measurement and amortization of consumptive biological assets, please refer to Note III.19.

### **(3) Basis for determining the net realizable value and method for provision for obsolete inventories**

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs

of completion and the estimated costs necessary to make the sale and relevant taxes. The net realizable value is measured based on the verified evidences and considerations for the purpose of holding inventories and the effect of post balance sheet events.

Any excess of the cost over the net realizable value of inventories is recognised as a provision for obsolete inventories, and is recognised in profit or loss. The Group usually recognises provision for decline in value of inventories by a single inventory item (if the inventories are with various types of inventory and lower unit prices, it recognizes by category). If the factors caused the value of inventory previously written-down have disappeared, the provision for decline in value of inventories previously made is reversed.

#### (4) Inventory count system

The Company maintains a perpetual inventory system

### **13. Assets held for sale and discontinued operations**

#### (1) Classification and measurement of non-current assets or disposal groups held for sale

The Group classifies a non-current asset or disposal group as held for sale when the carrying amount of the non-current asset or disposal group will be recovered through a sale transaction (including an exchange transaction of non-monetary assets with commercial substance) rather than through continuing use.

Above mentioned non-current assets do not include investment properties subsequently measured with the fair value model, biological assets measured at fair value less costs to sell, assets arising from employee benefits, financial assets, deferred tax assets and contractual rights under insurance contracts.

The disposal group is a group of assets to be disposed of, by sale or otherwise, together as a whole in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction. In certain circumstances, disposal groups include goodwill acquired in a business combination.

A non-current asset or disposal group is classified as held for sale when all the following criteria are met: According to the customary practices of selling such asset or disposal group in similar transactions, the non-current asset or disposal group is available for immediate sale in its present condition; The sale is highly probable to occur, that is, the Group has made a resolution on a sale plan and entered into a legally binding purchase agreement with other parties. The sale is expected to be completed within one year. The Group that is committed to a sale plan involving loss of control of a subsidiary classifies all the investment in that subsidiary as held for sale in its separate financial statements, and classifies all the assets and liabilities of that subsidiary as held for sale in its consolidated financial statements, when the classification criteria for held for sale are met, regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets or disposal groups held for sale are initially and subsequently measured at the lower of carrying amount and fair value less costs to sell. Any excess of the carrying amount over the fair value less costs to sell is recognised as an impairment loss in profit or loss. The impairment loss recognised for a disposal group firstly reduces the carrying amount of goodwill allocated to the disposal group, and then reduces the carrying amount of other non-current assets pro rata on the basis of the carrying amount of each non-current asset in the disposal group.

The Group recognises a gain for any subsequent increase in fair value less costs to sell of an asset, but not in excess of the cumulative impairment loss that has been recognised after classified as held for sale. The reduced carrying amount of goodwill is not recovered.

The Group does not depreciate (or amortise) a non-current asset while it is classified as held for sale or while it is part of a disposal group classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised. If an investment or a part of investment in an associate or a joint venture is classified as held for sale, equity method is not used for the part classified as held for sale, while equity method is used for the rest part (the part not classified as held for sale) continually. When the Group does not have material impact on an associate or a joint venture due to the sale transaction, it stops using equity method.

The Group measures a non-current asset that ceases to be classified as held for sale at the lower of:

- ① its carrying amount before the asset or disposal group was classified as held for sale, adjusted for any depreciation, amortisation or impairment that would have been recognised had the asset or disposal group not been classified as held for sale, and
- ② its recoverable amount.

## (2) Discontinued operations

The Group classifies a component as a discontinued operation either upon disposal of the operation or when the operation meets the criteria to be classified as held for sale if it is separately identifiable and satisfies one of the following conditions:

- ① It represents a separate major line of business or a separate geographical area of operations;
- ② It is part of a single coordinated plan to dispose of a separate major line of business or a separate geographical area of operations;
- ③ It is a subsidiary acquired exclusively with a view to resale.

## (3) Presentation

The Group presents a non-current asset classified as held for sale and the assets of a disposal group classified as held for sale as “Assets held for sale” in balance sheet. The liabilities of a disposal group classified as held for sale is presented as “Liabilities held for sale” in balance sheet.

The Group presents profit or loss from discontinued operations separately from profit or loss from continuing operations in income statement. Impairment loss and reversal amount and any disposal gain or loss of a non-current asset or disposal group classified as held for sale that does not meet the definition of a discontinued operation is included in profit or loss from continuing operations. Any gain or loss from continuing operation of discontinued operations, including impairment loss and reversal amount, and disposal gain or loss is included in profit or loss from discontinued operations.

A disposal group which is planned to cease operation rather than for sale, and meets the criteria of a part of discontinued operation, the Group presents it as discontinued operation from the date of cease

Where an operation is classified as discontinued in the current period, profit or loss from continuing operations and profit or loss from discontinued operations are separately presented in the income statement for the current period. If the Group ceases to classify a discontinued operation as held for sale, the information previously presented in discontinued operations is reclassified and included in income from continuing operations for all periods presented.

#### **14. Long-term equity investments**

Long-term equity investments include equity investments in subsidiaries and equity investments in joint ventures and associates. An associate is an enterprise over which the Company has significant influence.

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

The initial cost of a long-term equity investment acquired through a business combination involving enterprises under common control is the Company’s share of the carrying amount of the subsidiary’s equity in the consolidated financial statements of the ultimate controlling party at the combination date. For a long-term equity investment obtained through a business combination not involving enterprises under common control, the initial cost is the combination cost.

A long-term equity investment acquired other than through a business combination: A long-term equity investment acquired other than through a business combination is initially recognised at the amount of cash paid if the Company acquires the investment by cash, or at the fair value of the equity securities issued if an investment is acquired by issuing equity securities.

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

Long-term equity investments in subsidiaries are accounted for using the cost method, unless the investment is eligible for holding for sale; an investment in a joint venture or an associate is accounted for using the

equity method for subsequent measurement.

For a long-term equity investment which is accounted for using the cost method, except for cash dividends or profit distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Group recognises its share of the cash dividends or profit distributions declared by the investee as investment income for the current period.

For a long-term equity investment which is accounted for using the equity method, where the initial cost of a long-term equity investment exceeds the Company's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at cost. Where the initial investment cost is less than the Company's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the investor's share of the fair value of the investee's identifiable net assets, and the difference is recognised in profit or loss.

Under the equity method, the Company recognises its share of the investee's profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by the amount attributable to the Company. Changes in the Company's share of the investee's owners' equity, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution (referred to as "other changes in owners' equity"), is recognised directly in the Company's capital reserve (other capital reserve), and the carrying amount of the investment is adjusted accordingly. In calculating its share of the investee's net profits or losses, other comprehensive income and other changes in owners' equity, the Group recognises investment income and other comprehensive income after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair value of the investee's identifiable net assets at the date of acquisition.

When the Company becomes capable of exercising joint control or significant influence (but not control) over an investee due to additional investment or other reasons, on the conversion day, the Company uses the fair value of the previously-held equity, together with additional investment cost, as the initial investment cost under the equity method. The difference between the fair value and carrying amount of the previously-held equity, and the accumulated changes in fair value included in other comprehensive income, shall be transferred to profit or loss for the current period upon commencement of the equity method.

When the Company can no longer exercise joint control of or significant influence over an investee due to partial disposal of the equity investment or other reasons, the remaining equity investment shall be accounting for using Accounting Standard for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, and the difference between the fair value and the carrying amount of the remaining equity investment shall be charged to profit or loss for the current period at the date of the loss of joint control or significant influence. Any other comprehensive income previously recognised under the equity

method shall be accounted for on the same basis as would have been required if the Company had directly disposed of the related assets or liabilities for the current period upon discontinuation of the equity method. Other movement of owner's equity related to original equity investment is transferred to profit or loss for the current period.

When the Company can no longer exercise control over an investee due to partial disposal of the equity investment or other reasons, and the remaining equity after disposal can exercise joint control of or significant influence over an investee, the remaining equity is adjusted as using equity method from acquisition. When the remaining equity can no longer exercise joint control of or significant influence over an investee, the remaining equity investment shall be accounted for using Accounting Standard for Business Enterprises No. 22-Recognition and Measurement of Financial Instruments, and the difference between the fair value and the carrying amount of the remaining equity investment shall be charged to profit or loss for the current period at the date of loss of control.

When the Company can no longer exercise control over an investee due to new capital injection by other investors, and the Company can exercise joint control of or significant influence over an investee, the Company recognizes its share of the investee's new added net assets using new shareholding percentage. The difference between its new share of the investee's new added net assets and its decreased shareholding percentage of the original investment is recognized in profit or loss. And the Company adjusts to the equity method using the new shareholding percentage as if it uses the equity method since it obtains the investment.

Unrealised profits and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in the associates or joint ventures. Unrealised losses resulting from transactions between the Group and its associates or joint ventures are eliminated in the same way as unrealised gains but only to the extent that there is no impairment.

### (3) Criteria for determining the existence of joint control or significant influence over an investee

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. When assessing whether the Company can exercise joint control over an investee, the Company first considers whether no single participant party is in a position to control the investee's related activities unilaterally, and then considers whether strategic decisions relating to the investee's related activities require the unanimous consent of all participant parties that sharing of control. All the parties, or a group of the parties, control the arrangement collectively when they must act together to direct the relevant activities. When more than one combination of the parties can control an arrangement collectively, joint control does not exist. A party that holds only protective rights does not have joint control of the arrangement.

Significant influence is the power to participate in the financial and operating policy decisions of an investee but does not have control or joint control over those policies. When determining whether the Company can exercise significant influence over an investee, the effect of potential voting rights (for example, warrants,



share options and convertible bonds) held by the Company or other parties that are currently exercisable or convertible shall be considered.

When the Company, directly or indirectly through subsidiaries, owns 20% of the investee (including 20%) or more but less than 50% of the voting shares, it has significant influence over the investee unless there is clear evidence to show that in this case the Company cannot participate in the production and business decisions of the investee, and cannot form a significant influence. When the Company owns less than 20% of the voting shares, generally it does not have significant influence over the investee, unless there is clear evidence to show that in this case the Company can participate in the production and business decisions of the investee so as to form a significant influence.

#### (4) Held-for-sale equity investments

Accounting for an entity investment, or a portion of an equity investment, in an associate or a joint venture that is classified as held for sale refers to Note III.13.

Any remaining equity investment that has not been classified as held for sale shall be accounted for using the equity method.

When an equity investment in an associate or a joint venture previously classified as held for sale no longer meets the criteria to be so classified, it is accounted for using the equity method retrospectively as from the date of its classification as held for sale.

#### (5) Method of impairment testing and impairment provision

For investments in subsidiaries, associates and joint ventures, refer to Note III. 22 for the Company's method of asset impairment.

### **15. Investment property**

Investment properties are properties held either to earn rental income or for capital appreciation or for both. The Group's investment properties include leased land use rights, land use right held and provided for to transfer after appreciation and leased building and construction.

Investment properties are initially measured at acquisition cost, and depreciated or amortized using the same policy as that for fixed assets or intangible assets.

For the impairment of the investment properties accounted for using the cost model, refer to Note III.22.

### **16. Fixed assets**

#### (1) Recognition of fixed assets

Fixed assets represent the tangible assets held by the Company for use in production of goods, use in supply of services, rental or for administrative purposes with useful lives over one accounting year.

Fixed assets are only recognised when its related economic benefits are likely to flow to the Company and its cost can be reliably measured.

Fixed asset are initially measured at cost.

## (2) Depreciation of fixed assets

The cost of a fixed asset is depreciated using the straight-line method since the state of intended use, unless the fixed asset is classified as held for sale. Not considering impairment provision, the estimated useful lives, residual value rates and depreciation rates of each class of fixed assets are as follows:

Class	Estimated useful life (years)	Residual value rate %	Depreciation rate %
Plant and buildings	5-40 (Note)	5	19.00-2.38
Machinery and equipment	3-12	5	31.67-7.92
Motor vehicles	5	5	19.00
Electronic equipment	3-5	5	31.67-19.00
Others	3-5	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 PPE's expected service period.

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

For impaired fixed assets, cumulative amount of impairment provision is deducted in determining the depreciation rate.

(3) For the impairment of the fixed assets, please refer to Note III. 22.

(4) Recognition, measurement and depreciation of fixed assets acquired under finance leases

Fixed assets under finance leases are recognised if they meet one or more of the following criteria:

- ① The ownership of leased assets is transferred to the Group by the end of the lease term.
- ② The Company has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date of the option becomes exercisable for it to be reasonably certain, at the inception of

the lease, that the option will be exercised.

③ Even if the ownership of assets is not transferred, the lease term covers the major part of the useful life of the asset.

④ At the inception of lease, the present value of minimum lease payments amount to substantially all of the fair value of leased asset.

⑤ Leased assets are of a specialized nature that only the Group can use them without major modifications.

An asset acquired under a finance lease is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments, each determined at the inception of the lease. Long-term payable is recorded at an amount equal to the sum of all future minimum lease payments. The difference between the carrying amount of the leased assets and the minimum lease payments is accounted for as unrecognised finance charges. Initial direct costs attributable to a finance lease incurred during the process of lease negotiation and the signing of the lease agreement, including service charges, attorney's fees, travelling expenses and stamp duty, that are incurred by the Group are added to the carrying amount of the leased asset. Unrecognised finance charges are recognised as finance charge for the period using the effective interest method over the lease term.

Depreciation is accounted for in accordance with the accounting policies of fixed assets. If there is reasonable certainty that the Group will obtain ownership of a leased asset at the end of the lease term, the leased asset is depreciated over its estimated useful life. Otherwise, the leased asset is depreciated over the shorter of the lease term and its estimated useful life.

(5) Useful lives, estimated residual values and depreciation methods are reviewed at least at each year-end.

The Company adjusts the useful lives of fixed assets if their expected useful lives are different with the original estimates and adjusts the estimated net residual values if they are different from the original estimates.

(6) Overhaul costs

Overhaul costs occurred in regular inspection are recognized in the cost if there is undoubted evidence to confirm that this part meets the recognition criteria of fixed assets, otherwise, the overhaul costs are recognized in profit or loss for the current period. Depreciation is provided during the period of regular overhaul.

## 17. Construction in progress

Construction in progress is recognized based on the actual construction cost, including all expenditures incurred for construction projects, capitalized borrowing costs and any other costs directly attributable to bringing the asset to working condition for its intended use.

Construction in progress is transferred to fixed asset when it is ready for its intended use.

For the impairment of construction in progress, please refer to Note III. 22.

## 18. Borrowing costs

### (1) Capitalization criteria

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalized as part of the cost of that asset. Other borrowing costs are expensed in profit or loss as incurred. The capitalization of borrowing costs shall commence only when the following criteria are met:

- ① capital expenditures have been incurred, including expenditures that have resulted in payment of cash, transfer of other assets or the assumption of interest-bearing liabilities;
- ② borrowing costs have been incurred;
- ③ the activities that are necessary to prepare the asset for its intended use or sale have commenced.

### (2) Capitalization period

The capitalization of borrowing costs ceases when the asset under acquisition or construction becomes ready for its intended use, the borrowing costs incurred thereafter are recognized in profit or loss for the current period.

Capitalization of borrowing costs is suspended during periods in which the acquisition or construction of a fixed asset is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

### (3) Capitalization rate of borrowing costs and calculation basis of capitalized amount

For interest expense actually incurred on specific borrowings, the eligible capitalized amount is the net amount of the borrowing costs after deducting any investment income earned before some or all of the funds are used for expenditures on the qualifying asset. To the extent that the Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Company shall determine the amount of borrowing costs eligible for capitalization by applying a capitalization rate to the expenditures on that asset,

the capitalization rate shall be the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period, other than borrowings specifically for the purpose of obtaining a qualifying asset.

In the capitalization period, exchange differences of specific borrowings in foreign currency shall be capitalized; exchange differences of general borrowings in foreign currency is recognized in profit or loss for the current period.

## 19. Biological Assets

### (1) Criteria for determining biological assets

Biological assets refer to assets composed of living animals and plants. Biological assets that meet the following conditions at the same time are recognized:

- ①The enterprise owns or controls the biological asset due to past transactions or events;
- ②The economic benefits or service potential related to the biological asset are likely to flow into the enterprise;
- ③The cost of the biological asset can be measured reliably.

### (2) Classification

The Group's living assets include consumable biological assets and productive biological assets.

#### ①consumable biological assets

Consumable biological assets refer to biological assets held for sale or will harvest as agricultural products in the future, including livestock for sale, etc. Consumable biological assets are initially measured at cost. The cost of self-propagating or breeding expendable biological assets is the necessary expenditure that can be directly attributed to the asset before the asset is sold or stored, including borrowing costs that meet the capitalization requirements. Subsequent expenditures such as management and rearing expenses for consumable biological assets after storage are included in the profit and loss in the current period.

When harvesting or selling consumable biological assets, the moving weighted average method is used to carry forward the cost at the book value.

#### ②productive biological assets

Productive biological assets refer to biological assets held for the purpose of producing agricultural products, providing labor services or leasing, including livestock production, etc. Productive biological assets are initially measured at cost. The cost of a self-propagating productive biological asset is the necessary

expenditure that can be directly attributed to the asset before the asset reaches its intended production and operation objectives, including borrowing costs that meet the capitalization conditions.

The management and rearing expenses of productive biological assets after the intended production and operation objectives are achieved are included in the current profit and loss.

The depreciation of productive biological assets is calculated using the average method of years. After deducting the residual value according to the estimated service life of various biological assets, the depreciation accrued in each period is determined.

The Group reviews the service life, estimated net residual value and depreciation method of productive biological assets at least at the end of the year. If there is a change, it is treated as a change in accounting estimates.

The difference between the disposal income of productive biological assets sale, inventory loss, death or damage, after deducting its book value and related taxes is included in the current profit and loss.

### (3) Treatment of impairment of biological assets

If the net realizable value of the expendable biological asset is lower than its book value, the provision for the decline in the price of biological assets shall be made according to the difference between the net realizable value and the book value, and shall be included in the current profit and loss. If the influencing factors of the impairment of expendable biological assets have disappeared, the amount of write-down shall be restored and transferred back within the amount of provision for falling price that has been accrued, the amount transferred back is included in the current profit and loss.

For the impairment of productive biological assets, please refer to Note III. 22.

## 20. Intangible assets

Intangible assets include land use rights, patented technologies, software use rights, trademark rights, and non-patent technologies etc.

Intangible assets are stated at actual cost upon acquisition and the useful economic lives are determined at the point of acquisition. When the useful life is finite, amortization method shall reflect the pattern in which the asset's economic benefits are expected to be realized. If the pattern cannot be determined reliably, the straight-line method shall be used. An intangible asset with an indefinite useful life shall not be amortized.

The Group shall review the useful life and amortization method of an intangible asset with a finite useful life at least at each year end. Changes of useful life and amortization method shall be accounted for as a change in accounting estimate.

An intangible asset shall be derecognized in profit or loss when it is not expected to generate future economic

benefits.

For the impairment of intangible assets, please refer to Note III. 22.

## **21. Research and development expenditure**

Expenditure on an internal research and development project is classified into expenditure incurred during the research phase and expenditure incurred during the development phase.

Expenditure during the research phase is expensed when incurred.

Expenditure during the development phase is capitalized if the product or process is technically and commercially feasible; the Group intends to complete the development; the intangible asset can generate economic benefits, including there is evidence that the products produced using the intangible asset has a market or the intangible asset itself has a market; if the intangible asset is for internal use, there is evidence that there is usage for the intangible asset; there is sufficient support in terms of technology, financial resources and other resources in order to complete the development and use or sell the intangible asset; and development costs can be measured reliably. Other development expenditure is recognized as an expense in the period in which it is incurred.

Research and development projects of the Group will enter into the development phase when they meet the above conditions, technical and economic feasibility research is finished and necessary approval of the project is obtained.

Capitalized expenditure on the development phase is presented as “development costs” in the balance sheet, and is transferred to intangible assets when the project is completed to its intended use.

## **22. Impairment of assets**

The impairment of long-term equity investments in subsidiaries, associates and joint ventures, investment properties measured using a cost model, fixed assets, construction in progress, productive biological assets measured using a cost model, intangible assets, goodwill, etc. (Excluding inventories, deferred tax assets and financial assets) is determined as follows:

At each balance sheet date, the Company determines whether there is any indication of impairment. If any indication exists, the recoverable amount of the asset is estimated. In addition, the Company estimates the recoverable amounts of goodwill, intangible assets with indefinite useful lives and intangible assets not ready for use at each year-end, irrespective of whether there is any indication of impairment.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its present value of expected future cash flows. The recoverable amount is estimated for each individual asset. If it is not possible to estimate the recoverable amount of each individual asset, the Company determines the recoverable amount

for the asset group to which the asset belongs. An asset group is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups.

An impairment loss is recognized in profit or loss when the recoverable amount of an asset is less than its carrying amount. A provision for impairment of the asset is recognized accordingly.

For goodwill impairment test, the carrying amount of goodwill arising from a business combination is allocated reasonably to the relevant asset group since the acquisition date. If the carrying amount of goodwill is unable to be allocated to asset group, the carrying amount of goodwill will be allocated to asset portfolio. Asset group or portfolio of asset group is asset group or portfolio of asset group which can be benefit from synergies of a business combination and is not greater than the reportable segment of the Company.

In impairment testing, if impairment indication exists in asset group or portfolio of asset group containing allocated goodwill, impairment test is first conducted for asset group or portfolio of asset group that does not contain goodwill, and corresponding recoverable amount is estimated and any impairment loss is recognized. Then impairment test is conducted for asset group or portfolio of asset group containing goodwill by comparing its carrying amount and its recoverable amount. If the recoverable amount is less than the carrying amount, impairment loss of goodwill is recognized.

Once an impairment loss is recognized, it is not reversed in a subsequent period.

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

Long-term deferred expenses are recorded at the actual cost, and amortized using a straight-line method within the benefit period. For long-term deferred expense that cannot bring benefit in future period, the Company recognized its amortized cost in profit or loss for the current period.

### **24. Employee benefits**

#### **(1) Scope of employee benefits**

Employee benefits refer to all forms of consideration or compensation given by the Company in exchange for service rendered by employees or for the termination of employment relationship. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits provided to the Company's spouse, children, dependents, family members of deceased employees or other beneficiaries are also part of the employee benefits.

According to liquidity, employee benefits are presented as "employee benefits payable" and "long-term employee benefits payable" on the balance sheet.

#### **(2) Short-term employee benefits**



In the current period, the Company has accrued for the actual wages, bonuses, medical insurance for employees based on standard rate, work injury insurance and maternity insurance and other social insurance and housing fund incurred and these are recognized as liabilities and corresponding costs in the profit or loss. If these liabilities are not expected to be fully paid 12 months after the end of the reporting period in which employee renders the service to the Company, and if the financial impact is significant, these liabilities shall be discounted using the net present value method.

### (3) Post-employment benefits

Post-employment benefit plan includes defined contribution plans and defined benefit plans. Defined contribution plans are post-employment benefit plans under which an enterprise pays fixed contributions into a separate fund and will have no future obligations to pay the contributions. Defined benefit plans are post-employment benefit plans other than defined contribution plans.

#### Defined contribution plans

Defined contribution plans include primary endowment insurance, unemployment insurance, etc.

The Company shall recognize, in the accounting period in which an employee provides service, the contribution payable to a defined contribution plan as a liability, with a corresponding charge to the profit or loss for the current period or the cost of a relevant asset.

#### Defined benefit plans

For defined benefit plans, independent actuaries shall actuarial value at the balance sheet date to determine the cost of rendering welfare under estimated accumulated welfare unit method. The Company shall recognize the following components of employee benefits cost arising from defined benefit plan:

- ① service cost, comprising current service cost, past service cost and any gain or loss on settlement. Current service cost is the increase in the present value of the defined benefit plan obligation resulting from employee service in the current period. Past service cost is the increase or decrease in the present value of the defined benefit plan obligation for employee service in prior periods, resulting from a plan amendment.
- ② net interest on the net defined benefit plan liabilities (assets), including interest income on plan assets, interest cost on the defined benefit plan obligation and interest on the effect of the asset ceiling.
- ③ changes as a result of re-measurement of the net defined benefit liability (asset).

Item①and item②above should be recognized in profit or loss for the current period unless another Accounting Standard requires or permits the inclusion of the employee benefit costs in the cost of assets. Item③shall be recognized in other comprehensive income and shall not reclassified to profit or loss in a subsequent period, when the original defined benefit plan is terminated, all the parts originally included in

other comprehensive income are carried forward to undistributed profits within the scope of equity.

#### (4) Termination benefits

The Company provides for termination benefits to the employees and shall recognize an employee benefits liability for termination benefits, with a corresponding charge to the profit or loss for the current period, at the earlier of the following dates: When the Company cannot unilaterally withdraw the offer of the termination benefits because of an employment termination plan or a redundancy proposal; or when the Company recognizes the costs or expenses relating to a restructuring that involves the payment of the termination benefits.

For retirement plans within the Company and economic compensation before the formal retirement date attributable to termination benefits, the salaries to pay retirement within the Company and social securities are recognized as one-off expense in profit or loss for the current period between the employees' stop rendering service and formal retirement. Economic compensation after formal retirement date (such as formal endowment insurance) shall be accounted for as post-employment benefits.

#### (5) Other long-term employee benefits

Other long-term employee benefits provided by the Company to the employees satisfied the conditions for classifying as a defined contribution plan; those benefits shall be accounted for in accordance with the above requirements relating to defined contribution plan. When the benefits satisfied a defined benefit plan, it shall be accounted for in accordance with the above requirements relating to defined benefit plan, but the movement of net liabilities or assets in re-measurement of defined benefit plan shall be recorded in profit or loss for the current period or cost of relevant assets.

### 25. Provisions

A provision is recognized for an obligation related to a contingency if all the following conditions are satisfied:

- (1) The Company has a present obligation;
- (2) It is probable that an outflow of economic benefits will be required to settle the obligation; and
- (3) The amount of the obligation can be estimated reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows. The Company reviews the carrying amount of a provision at the balance sheet date and adjusts the carrying amount to the current best

estimate.

If all or part of the expenditure necessary for settling the provision is expected to be compensated by a third party, the amount of compensation is separately recognized as an asset when it is basically certain to be received. The recognized compensation amount shall not exceed the carrying amount of the provision.

## **26. Share payment and equity instruments**

### **(1) Types of share payment**

The Group's share-based payment is an equity-settled share-based payment. Specific equity instruments include restricted stocks and stock options issued by companies that give holders the right to purchase a fixed amount of the company's common stock at a fixed price.

### **(2) Determination method of 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, Modification and Termination of Share-Based Payment Plan**

#### **① 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.

### ② 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.

### ③ 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.

## 27. Revenue

### (1) General principle

#### ① Sale of goods

Revenue is recognized when all the following conditions are satisfied: significant risks and rewards of ownership of goods have been transferred to the buyer; the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; it is probable that the economic benefits will flow to the Company; and the revenue and costs can be measured reliably.

#### ② Rendering of services

Where the outcome of a transaction involving the rendering of services can be estimated reliably, revenue is recognized by reference to the stage of completion.

The stage of completion is based on the proportion of costs incurred to date to the estimated total costs/the progress of work performed/the proportion of services performed to date to the total services to be performed.

Rendering of services can be estimated reliably when all the following conditions are satisfied:

- A. The revenue can be measured reliably;
- B. It is probable that the economic benefits will flow to the Company;
- C. The stage of completion can be measured reliably;
- D. The costs incurred and to be incurred in the transaction can be measured reliably.

Where the outcome cannot be estimated reliably, revenues are recognized to the extent of the costs incurred that are expected to be recoverable, and an equivalent amount is charged to profit or loss as service cost; otherwise, the costs incurred are recognized in profit or loss and no service revenue is recognized.

#### ③ Royalties from intangible assets

Revenue is recognized when it is probable that the economic benefits will flow to the Company, and the

revenue can be measured reliably.

## (2) Specific method

The specific methods of the Group's sales revenue recognition are as follows:

When the customer picks up the goods to the door or delivers the goods to the designated delivery location, and the customer has accepted the goods, the Group confirms the revenue.

For the sale of commodities with sales return clauses, revenue recognition is limited to the amount of accumulated confirmed revenue that is unlikely to be materially reversed. The Group recognizes the liability according to the expected refund amount, and at the same time, the balance after deducting the estimated cost of recovering the commodity (including the impairment of the value of the returned commodity) according to the book value of the expected return of the commodity is recognized as an asset.

The methods of the recognition of revenue from the transfer of the assets usage right are as follows:

According to the fact that the relevant economic benefits are likely to flow into the company, and the amount of revenue from the transfer of asset use rights can be reasonably estimated, the Group calculates and determines the time when the client uses the transfer asset and the price agreed in the relevant contract or agreement.

## 28. Government grants

A government grant is recognized when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attaching to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value. If fair value cannot be reliably determined, it is measured at a nominal amount of RMB 1.

Government grants related to assets are grants whose primary condition is that the Group qualifying for them should purchase, construct or otherwise acquire long-term assets. Government grants related to income are grants other than those related to assets.

For government grants with unspecified purpose, the amount of grants used to form a long-term asset is regarded as government grants related to an asset, the remaining amount of grants is regarded as government grants related to income. If it is not possible to distinguish, the amount of grants is treated as government grants related to income.

A government grant related to an asset is offset against the carrying amount of the related asset, or recognized as deferred income and amortized to profit or loss over the useful life of the related asset on a reasonable and systematic manner. A grant that compensates the Group for expenses or losses already

incurred is recognized in profit or loss or offset against related expenses directly. A grant that compensates the Group for expenses or losses to be incurred in the future is recognized as deferred income, and included in profit or loss or offset against related expenses in the periods in which the expenses or losses are recognized. Government subsidies measured in nominal amounts are directly included in the profit and loss. The Group uses the same method to deal with the same or similar government subsidy business.

A grant related to ordinary activities is recognized as other income or offset against related expenses based on the economic substance. A grant not related to ordinary activities is recognized as non-operating income.

When a recognized government grant is reversed, carrying amount of the related asset is adjusted if the grant was initially recognized as offset against the carrying amount of the related asset. If there is balance of relevant deferred income, it is offset against the carrying amount of relevant deferred income. Any excess of the reversal to the carrying amount of deferred income is recognized in profit or loss for the current period. For other circumstances, reversal is directly recognized in profit or loss for the current period.

Interests from policy discount loans directly obtained by the Group are discounted to offset borrowing costs.

#### **29. Deferred tax assets and deferred tax liabilities**

Income tax comprises of current tax and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to transactions or items recognized directly in equity and goodwill arising from a business combination.

Deferred tax assets and deferred tax liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases.

All the taxable temporary differences are recognized as deferred tax liabilities except for those incurred in the following transactions:

- (1) initial recognition of goodwill, or assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or deductible loss);
- (2) taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, and the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The Company recognizes a deferred tax asset for deductible temporary differences, deductible losses and tax credits carried forward to subsequent periods, to the extent that it is probable that future taxable profits will be available against which deductible temporary differences, deductible losses and tax credits can be utilized, except for those incurred in the following transactions:

(1) a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or deductible loss);

(2) deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, the corresponding deferred tax asset is recognized when both of the following conditions are satisfied: it is probable that the temporary difference will reverse in the foreseeable future; and it is probable that taxable profits will be available in the future against which the temporary difference can be utilized.

At the balance sheet date, deferred tax is measured based on the tax consequences that would follow from the expected manner of recovery or settlement of the carrying amount of the assets and liabilities, using tax rates enacted at the reporting date that are expected to be applied in the period when the asset is recovered or the liability is settled.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date, and is reduced to the extent that it is no longer probable that the related tax benefits will be utilized. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

### 30. Leases

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of a leased asset to the lessee. An operating lease is a lease other than a finance lease.

#### (1) As a lessor

At the commencement of the lease term, the Company recognized the aggregate of the minimum lease receipts determined at the inception of a lease and the initial direct costs as finance lease receivable, and recognized unguaranteed residual value at the same time. The difference between the aggregate of the minimum lease receipts, the initial direct costs and the unguaranteed residual value, and the aggregate of their present value is recognized as unearned finance income. Unearned finance income is allocated to each accounting period during the lease term using the effective interest method.

Income derived from operating leases is recognized in profit or loss using the straight-line method over the lease term. Initial direct costs are charged to profit or loss immediately.

#### (2) As a lessee

When the Company acquires an asset under a finance lease, the asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments, each determined at the inception of the lease. At the commencement of the lease term, the minimum lease payments are recorded as long-term payables. The difference between the carrying amount of the leased assets and the minimum lease payments is accounted for as recognized finance charges. Initial direct costs attributable to a finance lease that are incurred by the Company are added to the carrying amount of the leased asset. Unrecognized finance charges



arising from a finance lease are recognized using an effective interest method over the lease term. Depreciation is accounted for in accordance with the accounting policies of fixed assets.

Rental payments under operating leases are recognized as part of the cost of another related asset or as expenses on a straight-line basis over the lease term. Initial direct costs are charged to profit or loss immediately.

### **31. Repurchase shares**

Before the shares repurchased by the company are cancelled or transferred, they are managed as treasury shares, and all expenditures for the repurchase of shares are converted into treasury stock costs. The consideration and transaction costs paid in share repurchase reduce the owner's equity, and no profit or loss is recognized when repurchasing, transferring or canceling the company's shares.

The transfer of treasury shares shall be included in the capital reserve based on the difference between the actual amount received and the book value of the treasury shares. If the capital reserve is insufficient to offset, the surplus reserve and undistributed profits shall be offset. Cancellation of treasury shares, reduce the share capital according to the par value and the number of shares cancelled, offset the capital reserve based on the difference between the book balance of the treasury shares and the face value. If the capital reserve is insufficient to offset, the surplus reserve and undistributed profits shall be offset.

### **32. Restricted stock**

In the equity incentive plan, the company grants restricted stock to the motivated object, and the motivated object subscribes to the stock first. If the unlocking conditions specified in the equity incentive plan are not met subsequently, the company will repurchase the shares at the price agreed in advance. If the restricted stock issued to employees has completed the capital increase procedures such as registration and registration in accordance with relevant regulations, on the date of grant, the company shall confirm the share capital and capital reserve (equity premium) based on the subscription paid by the employees; at the same time, treasury shares and other payables are recognized for repurchase obligations.

### **33. Hedge accounting**

When initially specifying the hedging relationship, the Group officially designated the hedging tool and the hedged item, and there are formal written documents to record the hedging relationship, risk management strategy and risk management objectives. The content records include the hedging tool, the hedged item, the nature of the hedged risk and the hedge effectiveness evaluation method.

The Group continuously evaluates the effectiveness of hedging to determine whether the hedging account meets the effectiveness requirements of using hedging accounting within the accounting period specified by the hedging relationship. If it is not satisfied, the hedging relationship is terminated. The use of hedging

accounting should meet the following requirements for the effectiveness of hedging:

- ① There is an economic relationship between hedged items and hedging instruments.
- ② Among the value changes caused by the economic relationship between hedged items and hedging instruments, the impact of credit risk does not dominate.
- ③ The hedging ratio of the hedging relationship should be equal to the ratio of the number of hedged items actually hedged by the enterprise to the actual number of hedging instruments that hedge it, however, it should not reflect the imbalance of the relative weight of the hedged item and the hedging instrument. This imbalance will cause the hedge to be invalid and may produce accounting results that are inconsistent with the hedge accounting objectives.

In one of the following situations, the Group shall terminate the use of hedge accounting:

- ① Due to changes in risk management objectives, the hedging relationship no longer meets the risk management objectives.
- ② The hedging instrument has expired, is sold, the contract is terminated or has been exercised.
- ③ There is no longer an economic relationship between the hedged item and the hedging instrument, or the value of the economic relationship between the hedged item and the hedging instrument changes, the impact of credit risk begins to dominate.
- ④ The hedging relationship no longer satisfies other conditions for using hedging accounting methods.

### **Fair value hedge**

Fair value hedging refers to hedging of the Group's recognized assets or liabilities, confirmed commitments that have not yet been recognized, or the fair value change risk exposure of the above-mentioned project components. This change in fair value originates from specific risks and will affect the company's profit or loss or other comprehensive income.

For fair value hedging, gains or losses from hedging instruments are included in profit and loss. The gains or losses resulting from the hedged risk exposure of the hedged item are included in profit and loss, while adjusting the book value of the confirmed hedged item not measured at fair value.

If the hedged item is a financial instrument (or its component) measured at amortized cost, the adjustment to the book value of the hedged item is amortized at the effective interest rate recalculated on the amortization date and included in profit and loss.

If the hedged item is an unrecognized confirmed commitment (or part of it), the cumulative change in fair

value due to the hedged risk after the hedging relationship which is designated is recognized as an asset or liability, and the relevant gain or loss is included in profit and loss for each relevant period. When fulfilling the definite undertaking and acquiring assets or assuming liabilities, the initial recognition amount of the asset or liability is adjusted to include the cumulative changes in the fair value of the confirmed hedged items.

### **Cash flow hedging**

Cash flow hedging refers to hedging of the risk of cash flow changes. This cash flow change originates from the specific risks related to the confirmed assets or liabilities, the expected transactions that are likely to occur, or the above-mentioned project components, and will affect the profit and loss of the enterprise.

The part of the gains or losses generated by the hedging instruments that are valid for hedging is used as a cash flow hedge reserve and included in other comprehensive income. The portion that is invalid for hedging (that is, will recognized as other gains or losses after deducting other comprehensive income) is included in profit and loss.

For cash flow hedging, the hedged item is an expected transaction, and the expected transaction causes the group to subsequently confirm a non-financial asset or non-financial liability, or the expected transaction of non-financial asset or non-financial liability forms a suitable for a definite commitment applicable to fair value hedge accounting, the Group transfers out the amount of cash flow hedge reserve originally recognized in other comprehensive income and includes it in the initial recognition amount of the asset or liability

For cash flow hedges that are not in the above situation, the Group transfers the amount of cash flow hedging reserve originally recognized in other comprehensive income during the same period in which the expected cash flow being hedged affects profit or loss, and is included in profit and loss.

If the amount of the cash flow hedge reserve recognized in other comprehensive income is a loss, and all or part of the loss is expected to be irreparable in the future accounting period, when the group is expected to be unable to make up, transfer the expected irreparable part out of other comprehensive income and include it in profit and loss.

When the Group terminates the use of hedging accounting for cash flow hedges, if the hedged future cash flow is expected to still occur, the amount of the accumulated cash flow hedge reserve recognized in other comprehensive income will be retained until the expected transaction is actually occur, then it will be dealt with in accordance with the above-mentioned accounting policies for cash flow hedges. If the hedged future cash flow is expected to no longer occur, the amount of the accumulated cash flow hedge reserve recognized in other comprehensive income is transferred out of other comprehensive income and included in profit and loss. The hedged future cash flow expectations are no longer highly likely to occur but may still be expected to occur, in the case where expectations still occur, the amount of accumulated cash flow hedge reserve is retained until the expected transaction actually occurs, then the above cash accounting policy treatment of

flow hedging.

### 34. Significant accounting estimates and judgments

Estimates as well as underlying assumptions involved are reviewed on an ongoing basis, based on historical experience and other factors, including reasonableness of estimation about future events. The followings are significant accounting estimations and key assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year:

#### Measurement of expected credit losses of accounts receivable

The Group calculates the expected credit loss of accounts receivable through the default risk exposure of accounts receivable and the expected credit loss rate, and determines the expected credit loss rate based on the default probability and default loss rate. When determining the expected credit loss rate, the Group uses internal historical credit loss experience and other data, and adjusts the historical data in combination with current conditions and forward-looking information. When considering forward-looking information, the indicators used by the Group include the risk of economic downturn, changes in the external market environment, technological environment and customer conditions. The Group regularly monitors and reviews assumptions related to the calculation of expected credit losses.

#### Impairment of goodwill

The Company performs impairment test for goodwill annually. Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Company to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

#### Deferred tax asset

To the extent that there is likely to be enough taxable profits to offset losses, deferred tax assets should be recognized for all unutilized tax losses. This requires management to use a lot of judgment to estimate the time and amount of future taxable profits, combined with tax planning strategies, to determine the amount of deferred income tax assets that should be recognized.

### 35. Changes in significant accounting policies, accounting estimates

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

##### ① New financial instruments standards

In 2017, the Ministry of Finance issued Accounting Standards for Business Enterprises No. 22-Recognition and Measurement of Financial Instruments (Revision), Accounting Standards for Enterprises No.

23-Financial Asset Transfer (Revision), Accounting Standards for Business Enterprises No. 24-Hedging Accounting (Revision) and Accounting Standards for Business Enterprises No. 37-Presentation of Financial Instruments (Revision) (hereinafter collectively referred to as "new financial instrument standards"). The 17th meeting of the 4th Board of Directors of the Company, held on April 13, 2019, approved the Company implemented the new financial instruments standards from January 1, 2019, and adjusted the accounting policies. See Note III.10 for the changed accounting policy.

The new financial instruments standard requires financial assets to be classified into the following three categories based on the business model for managing financial assets and the contractual cash flow characteristics of financial assets: (1) Financial assets measured at amortized cost; (2) Financial assets measured at fair value through other comprehensive income; (3) Financial assets measured at fair value through profit or loss. If the main contract included in the hybrid contract is a financial asset, the embedded contract should not be split from the hybrid contract, instead, the relevant standards of the financial asset classification should be applied to the hybrid contract as a whole.

Except for financial guarantee contract liabilities, the adoption of new financial instrument standards has no significant impact on the Group's accounting policies for financial liabilities.

On January 1, 2019, the Group did not designate any financial asset or financial liability as a financial asset or financial liability measured at fair value through profit or loss, nor did it revoke the previous designation.

The new financial instrument standard replaces the method of confirming the impairment provision based on the actual impairment loss provided by the original financial instrument standard with the "Expected Credit Loss Method". The "Expected Credit Loss Method" model requires continuous assessment of the credit risk of financial assets. Therefore, under the new financial instruments standard, the Group's credit loss is recognized earlier than the original financial instruments standard.

On the basis of expected credit losses, the Group performs impairment accounting for the following items and recognizes loss provisions:

- Financial assets measured at amortized cost;
- Receivables and debt investments measured at fair value through other comprehensive income
- Lease receivables;
- Financial guarantee contract (except those measured at fair value through profit and loss, the transfer of financial assets does not meet the conditions for derecognition or continue to be involved in the transferred financial assets).

In accordance with the provisions of the new financial instrument standards, except for certain specific circumstances, the Group retroactively adjusts the classification and measurement (including impairment) of

financial instruments, the difference between the original book value of financial instruments and the new book value on the implementation date of the new financial instruments standard (that is, January 1, 2019) is included in retained earnings or other comprehensive income at the beginning of 2019. At the same time, the Group did not adjust the comparative financial statements data.

On January 1, 2019, the comparison results of the classification and measurement of financial assets in accordance with the original financial instrument standard and the new financial instrument standard are as follows:

### A、 Consolidated financial statement

Original financial instrument standard			New financial instrument standard		
Item	Category	Book value	Item	Category	Book value
Financial assets measured at fair value through profit or loss	Measured at fair value through profit or loss	49,672,592.73	Held-for-trading financial assets	Measured at fair value through profit or loss	49,672,592.73
Held for sales financial asset	Measured at cost(equity instruments)	323,421,350.00	Other non-current financial assets	Measured at fair value through profit or loss	323,421,350.00
Accounts receivable	Measured at amortized cost	1,096,136,255.70	Accounts receivable	Measured at amortized cost	964,844,422.76
Other current assets	Measured at amortized cost	628,751,210.59	Other current assets	Measured at amortized cost	760,043,043.53
Financial liabilities measured at fair value through profit or loss	Measured at fair value through profit or loss	46,271,790.00	Held-for-trading financial liabilities	Measured at fair value through profit or loss	46,271,790.00

### B、 Parent company's financial statement

Original financial instrument standard			New financial instrument standard		
Item	Category	Book value	Item	Category	Book value
Financial assets measured at fair value through profit or loss	Measured at fair value through profit or loss	49,293,017.73	Held-for-trading financial assets	Measured at fair value through profit or loss	49,293,017.73
Held for sales financial asset	Measured at cost(equity instruments)	292,900,000.00	Other non-current financial assets	Measured at fair value through profit or loss	292,900,000.00
Financial liabilities measured at fair value through profit or loss	Measured at fair value through profit or loss	32,630,290.00	Held-for-trading financial liabilities	Measured at fair value through profit or loss	32,630,290.00

On January 1, 2019, the classification of financial instruments and the adjustment of book value when implementing the new financial instruments standards are as follows:

#### A. Consolidated financial statements

Item	Book value before			Book value after
	adjustment (Dec 31,2018)	Reclassification	Remeasurement	
<b>Assets:</b>				
Financial assets measured at fair value through profit or loss	49,672,592.73	-49,672,592.73	-	-
Held-for-trading financial assets	-	49,672,592.73	-	49,672,592.73
Accounts receivable	1,096,136,255.70	-131,291,832.94	-	964,844,422.76
Other current assets	628,751,210.59	131,291,832.94	-	760,043,043.53
Held for sale financial assets	323,421,350.00	-323,421,350.00	-	-
Other non-current financial assets	-	323,421,350.00	-	323,421,350.00
<b>Liabilities:</b>				
Financial liabilities measured at fair value through profit or loss	46,271,790.00	-46,271,790.00	-	-
Held-for-trading financial liabilities	-	46,271,790.00	-	46,271,790.00

#### B. The Company's financial statements

Item	Book value before			Book value after
	adjustment (Dec 31,2018)	Reclassification	Remeasurement	
<b>Assets:</b>				
Financial assets measured at fair value through profit or loss	49,293,017.73	-49,293,017.73	-	-
Held-for-trading financial assets	-	49,293,017.73	-	49,293,017.73
Held for sale financial assets	292,900,000.00	-292,900,000.00	-	-
Other non-current financial assets	-	292,900,000.00	-	292,900,000.00
<b>Liabilities:</b>				
Financial liabilities measured at fair value through profit or loss	32,630,290.00	-32,630,290.00	-	-
Held-for-trading financial liabilities	-	32,630,290.00	-	32,630,290.00

The Group sets out the adjustment between the loss allowance at the end of 2018 measured according to the original financial instrument standard and the loss allowance at the beginning of 2019 determined according to the new financial instrument standard as follows:

#### A. Consolidated financial statements



Measurement category	Book value before			Book value after
	adjustment (Dec 31,2018)	Reclassification	Remeasurement	
Provision for bad and doubtful debts for bills receivable	-	-	-	-
Provision for bad and doubtful debts for accounts receivable	133,901,012.10	-1,999,368.01	-	131,901,644.09
Provision for bad and doubtful debts for other receivable	73,389,178.72	-	-	73,389,178.72
Provision for bad and doubtful debts for other current assets	121,050.00	1,999,368.01	-	2,120,418.01
Provision for bad and doubtful debts for loans and advance	2,400.00	-	-	2,400.00
Provision for bad and doubtful debts for long term receivables	-	-	-	-

## B. The Company financial statements

Measurement category	Book value before			Book value after
	adjustment (Dec 31,2018)	Reclassification	Remeasurement	
Provision for bad and doubtful debts for bills receivable	-	-	-	-
Provision for bad and doubtful debts for accounts receivable	-	-	-	-
Provision for bad and doubtful debts for other receivable	1,343,039.99	-	-	1,343,039.99
Provision for bad and doubtful debts for long term receivables	-	-	-	-

### ① Changes in inventory accounting policies

Based on the need for refined management, in order to effectively coordinate financial and business operations and better achieve dynamic cost management, and further improve the Company's management level, the Group plans to change the inventory accounting policy.

After this inventory accounting policy changes, the product production cost accounting cycle can be shortened, moreover, the product cost can be calculated based on the cost of raw materials when consumed, which facilitates timely analysis of product volume, cost, and profit, and facilitates daily business analysis.

Receipt and delivery of inventories were changed from "one-time weighted average method at the end of the month" to "moving weighted average method" for pricing.

This accounting policy change has been approved by the 17th meeting of the fourth board of directors of the Company on April 13, 2019, and was implemented as of January 1, 2019.

## ② Financial statements format

In April 2019, the Ministry of Finance issued the “Notice of the Ministry of Finance on Revising and Issuing the General Financial Statements Format of the Year 2019” (No.6 of Caikuai [2019]), and the “Notice of the Ministry of Finance on Revising and Issuing the General Financial Statements Format of the Year 2018” (No.15 of Caikuai [2018]) issued in June 2018 shall be abolished simultaneously; in September 2019, the Ministry of Finance issued the “Notice of the Ministry of Finance on Revising and Issuing the Format of Consolidated Financial Statements (Version 2019)” (No.16 of Caikuai [2019]), and the “Notice of the Ministry of Finance on Revising and Issuing the Format of Consolidated Financial Statements for 2018” (No.1 of Caikuai [2019]) shall be abolished simultaneously. According to No.6 of Caikuai [2019] and No.16 of Caikuai [2019], the Group has revised the financial statements format as follows:

Balance sheet: dividing the line item of “bills receivable and accounts receivable” into “bills receivable” and “accounts receivable”; dividing the line item of “bills payable and accounts payable” into “bills payable” and “accounts payable”.

The Company shall adjust the comparative amounts of the comparable periods.

The revision of the financial statements format has no effect on the company's total assets, total liabilities, net profits and other comprehensive income.

## (2) Changes in accounting estimates

There was no change in the Company’s accounting estimate during the reporting period.

## (3) The first implementation of new financial instrument standards adjustment and the relevant items of the financial statements at the beginning of the year.

Consolidated balance sheet

Item	2018.12.31	2019.01.01	Adjustment amount
<b>Current asset:</b>			
Cash	1,735,409,838.58	1,735,409,838.58	-
Held-for-trading financial assets	-	49,672,592.73	49,672,592.73
Financial assets at fair value through profit or loss	49,672,592.73	-	-49,672,592.73
Derivative financial assets	-	-	-
Notes receivable	10,509,311.36	10,509,311.36	-
Accounts receivable	1,096,136,255.70	964,844,422.76	-131,291,832.94
Accounts receivable financing	-	-	-

Item	2018.12.31	2019.01.01	Adjustment amount
Prepayments	424,850,022.62	424,850,022.62	-
Other receivables	502,215,573.25	502,215,573.25	-
Including: Interest receivables	1,794,497.12	1,794,497.12	-
Dividend receivables	-	-	-
Inventories	4,843,780,132.17	4,843,780,132.17	-
Contract assets	-	-	-
Assets held for sale	-	-	-
Non-current assets due within one year	903,000.00	903,000.00	-
Other current assets	628,751,210.59	760,043,043.53	131,291,832.94
<b>Total current assets</b>	<b>9,292,227,937.00</b>	<b>9,292,227,937.00</b>	<b>-</b>
<b>Non-current assets:</b>			
Loans and payments on behalf	157,600.00	157,600.00	-
Loan investment	-	-	-
Available-for-sale financial assets	323,421,350.00	-	-323,421,350.00
Other loan investment	-	-	-
Held-to-maturity investments	-	-	-
Long-term receivables	17,519,129.52	17,519,129.52	-
Net assets of defined benefit plan	-	-	-
Long-term equity investments	38,614,535.85	38,614,535.85	-
Other equity investments	-	-	-
Other non-current financial asset	-	323,421,350.00	323,421,350.00
Investment properties	46,397,156.64	46,397,156.64	-
Fixed assets	4,555,480,833.77	4,555,480,833.77	-
Construction in progress	724,011,706.23	724,011,706.23	-
Productive biological assets	56,828,507.31	56,828,507.31	-
Oil and natural gas assets	-	-	-
Intangible assets	928,766,148.39	928,766,148.39	-
Development costs	2,776,367.58	2,776,367.58	-
Goodwill	380,610,061.82	380,610,061.82	-
Long-term deferred expenses	231,144,073.09	231,144,073.09	-
Deferred tax assets	456,499,156.68	456,499,156.68	-
Other non-current assets	311,209,297.18	311,209,297.18	-
Total non-current assets	8,073,435,924.06	8,073,435,924.06	-
<b>Total assets</b>	<b>17,365,663,861.06</b>	<b>17,365,663,861.06</b>	<b>-</b>

Item	2018.12.31	2019.01.01	Adjustment amount
<b>Current liabilities:</b>			
Short-term loans	2,715,954,867.69	2,715,954,867.69	-
Held-for-trading financial liabilities	-	46,271,790.00	46,271,790.00
Financial liabilities at fair value through profit or loss	46,271,790.00	-	-46,271,790.00
Derivative financial liabilities	-	-	-
Notes payable	-	-	-
Accounts payable	1,512,857,075.94	1,512,857,075.94	-
Advances from customers	1,307,260,014.70	1,307,260,014.70	-
Contract liabilities	-	-	-
Payroll payable	596,600,236.73	596,600,236.73	-
Taxes payable	118,589,643.19	118,589,643.19	-
Other payables	461,701,978.92	461,701,978.92	-
Including: Interest payables	25,144,934.16	25,144,934.16	-
Dividend payables	6,250,397.10	6,250,397.10	-
Liabilities held for sale	-	-	-
Non-current liabilities due within one year	31,352,957.13	31,352,957.13	-
Other current liabilities	160,521,969.41	160,521,969.41	-
Total current liabilities	6,951,110,533.71	6,951,110,533.71	-
<b>Non-current liabilities:</b>			
Long-term loans	1,842,910,000.00	1,842,910,000.00	-
Debentures payable	-	-	-
Including: Preferred stock	-	-	-
Perpetual debt	-	-	-
Long-term payables	115,622,929.75	115,622,929.75	-
Long-term payroll payable	64,891,859.13	64,891,859.13	-
Provisions	-	-	-
Deferred income	68,368,132.23	68,368,132.23	-
Deferred tax liabilities	98,834,372.34	98,834,372.34	-
Other non-current liabilities	-	-	-
Total non-current liabilities	2,190,627,293.45	2,190,627,293.45	-
<b>Total liabilities</b>	<b>9,141,737,827.16</b>	<b>9,141,737,827.16</b>	<b>-</b>
<b>Shareholders' Equity:</b>			

Item	2018.12.31	2019.01.01	Adjustment amount
Share capital	1,581,211,084.00	1,581,211,084.00	-
Other equity instruments	-	-	-
Including: Preference share	-	-	-
Perpetual debt	-	-	-
Capital reserve	2,010,778,182.22	2,010,778,182.22	-
Less: Treasury stock	251,038,100.40	251,038,100.40	-
Other comprehensive income	7,600,777.65	7,600,777.65	-
Specific reserve	-	-	-
Surplus reserve	518,730,727.06	518,730,727.06	-
Retained earnings	3,878,656,406.43	3,878,656,406.43	-
Total equity attributable to owners of the company	7,745,939,076.96	7,745,939,076.96	-
Non-controlling interests	477,986,956.94	477,986,956.94	-
Total shareholders' equity	8,223,926,033.90	8,223,926,033.90	-
<b>Total liabilities and shareholders' equity</b>	<b>17,365,663,861.06</b>	<b>17,365,663,861.06</b>	<b>-</b>

### Company's Balance Sheet

Item	2018.12.31	2019.01.01	Adjustment amount
<b>Current asset:</b>			
Cash	1,236,624,716.15	1,236,624,716.15	-
Held-for-trading financial assets	-	49,293,017.73	49,293,017.73
Financial assets at fair value through profit or loss	49,293,017.73	-	-49,293,017.73
Derivative financial assets	-	-	-
Notes receivable	-	-	-
Accounts receivable	-	-	-
Accounts receivable financing	-	-	-
Prepayments	22,254,307.76	22,254,307.76	-
Other receivables	6,996,953,598.79	6,996,953,598.79	-
Including: Interest receivables	8,630.13	8,630.13	-
Dividend receivables	35,271,940.95	35,271,940.95	-
Inventories	17,550.00	17,550.00	-

Item	2018.12.31	2019.01.01	Adjustment amount
Contract assets	-	-	-
Assets held for sale	-	-	-
Non-current assets due within one year	-	-	-
Other current assets	34,776,246.75	34,776,246.75	-
Total current assets	8,339,919,437.18	8,339,919,437.18	-
<b>Non-current liabilities:</b>			
Loans investment	-	-	-
Available-for-sale financial assets	292,900,000.00	-	-292,900,000.00
Other loan investment	-	-	-
Held-to-maturity investments	-	-	-
Long-term receivables	1,527,302.50	1,527,302.50	-
Net assets of defined benefit plan	-	-	-
Long-term equity investments	3,103,551,860.05	3,103,551,860.05	-
Other equity investments	-	-	-
Other non-current financial asset	-	292,900,000.00	292,900,000.00
Investment properties	36,316,499.75	36,316,499.75	-
Fixed assets	206,423,560.87	206,423,560.87	-
Construction in progress	17,989,781.29	17,989,781.29	-
Productive biological assets	-	-	-
Oil and natural gas assets	-	-	-
Intangible assets	91,340,568.10	91,340,568.10	-
Development costs	-	-	-
Goodwill	-	-	-
Long-term deferred expenses	20,848,132.10	20,848,132.10	-
Deferred tax assets	190,619,356.04	190,619,356.04	-
Other non-current assets	2,659,873.34	2,659,873.34	-
Total non-current assets	3,964,176,934.04	3,964,176,934.04	-
<b>Total assets</b>	<b>12,304,096,371.22</b>	<b>12,304,096,371.22</b>	<b>-</b>
<b>Current liabilities:</b>			
Short-term loans	2,168,367,337.60	2,168,367,337.60	-
Held-for-trading financial liabilities	-	32,630,290.00	32,630,290.00
Financial liabilities at fair value through profit or loss	32,630,290.00	-	-32,630,290.00
Derivative financial liabilities	-	-	-

Item	2018.12.31	2019.01.01	Adjustment amount
Notes payable	-	-	-
Accounts payable	3,323,382.83	3,323,382.83	-
Advances from customers	-	-	-
Contract liabilities	-	-	-
Payroll payable	121,078,753.60	121,078,753.60	-
Taxes payable	2,024,745.82	2,024,745.82	-
Other payables	1,872,126,815.24	1,872,126,815.24	-
Including: Interest payables	17,572,923.73	17,572,923.73	-
Dividend payables	-	-	-
Liabilities held for sale	-	-	-
Non-current liabilities due within one year	27,891,871.77	27,891,871.77	-
Other current liabilities	24,112,595.05	24,112,595.05	-
Total current liabilities	4,251,555,791.91	4,251,555,791.91	-
<b>Non-current liabilities:</b>			
Long-term loans	1,499,750,000.00	1,499,750,000.00	-
Debentures payable	-	-	-
Including: Preferred stock	-	-	-
Perpetual debt	-	-	-
Long-term payables	79,288,904.41	79,288,904.41	-
Long-term payroll payable	-	-	-
Provisions	-	-	-
Deferred income	9,166,812.14	9,166,812.14	-
Deferred tax liabilities	24,340,746.74	24,340,746.74	-
Other non-current liabilities	-	-	-
Total non-current liabilities	1,612,546,463.29	1,612,546,463.29	-
<b>Total liabilities</b>	<b>5,864,102,255.20</b>	<b>5,864,102,255.20</b>	<b>-</b>
<b>Shareholders' Equity:</b>			
Share capital	1,581,211,084.00	1,581,211,084.00	-
Other equity instruments	-	-	-
Including: Preference share	-	-	-
Perpetual debt	-	-	-
Capital reserve	2,089,547,854.24	2,089,547,854.24	-
Less: Treasury stock	251,038,100.40	251,038,100.40	-

Item	2018.12.31	2019.01.01	Adjustment amount
Other comprehensive income	-	-	-
Specific reserve	-	-	-
Surplus reserve	518,730,727.06	518,730,727.06	-
Retained earnings	2,501,542,551.12	2,501,542,551.12	-
Total shareholders' equity	6,439,994,116.02	6,439,994,116.02	-
<b>Total liabilities and shareholders' equity</b>	<b>12,304,096,371.22</b>	<b>12,304,096,371.22</b>	<b>-</b>

## IV Taxation

### 1. Main tax categories and rates

Tax	Tax base	Tax rate
Value added tax(VAT)	Sales revenue or taxable income	Tax free ( Note1、 Note2 ), 3% ( Note 3 ), 5%、 6%、 9% ( Note 4 )、 10% ( Note 5 ), 13% ( Note 4 )、 16%
Corporate income tax	Taxable income	( for more information, please refer to Note IV. 2 )
City maintenance and construction tax	Turnover tax payable	1%、 5%、 7%
Educational surcharge	Turnover tax payable	3%
Local education surcharge	Turnover tax payable	2%

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 Qingyuan Haibei Biotechnology Co., Ltd., Sichuan Hailinger Biopharmaceutical Co., Ltd. and Shijiazhuang Weike Biotechnology Co., Ltd. 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: According to the Announcement on the VAT Reform Policy issued jointly by the Ministry of Finance, the General Administration of Taxation and the General Administration of Customs (Ministry of



Finance, General Administration of Taxation and General Administration of Customs Announcement No. 39 of 2019), from April 1, 2019, if the company's VAT taxable sales behavior is originally subject to the 16% tax rate, the tax rate was adjusted to 13%; if the original 10% tax rate is applied, the tax rate was adjusted to 9%.

Note 5: 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 VAT tax rate at 10%.

## 2. Corporate Income Tax

Name of taxpayer	Abbr.	Income tax rate (%)	Note
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	12.5; or free of income tax	Note 2; 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
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

Name of taxpayer	Abbr.	Income tax rate (%)	Note
Duyun Yitun Ecological Agriculture Co., Ltd.	Duyun Yitun	Free of income tax	Note 2
Rongjiang Yitun Ecological Agriculture Co., Ltd.	Rongjiang Yitun	Free of income tax	Note 2
Binyang Yitun Ecological Agriculture Co., Ltd.	Binyang Yitun	Free of income tax	Note 2
Yicheng Yitun Ecological Agriculture Co., Ltd.	Yicheng Yitun	Free of income tax	Note 2
Zixing Yitun Ecological Agriculture Co., Ltd.	Zixing Yitun	Free of income tax	Note 2
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
Shaoguan Zhenjiang Yitun Ecological Agriculture Co., Ltd.	Zhenjiang Yitun	Free of income tax	Note 2
Shandong Yitun Ecological Agriculture Co., Ltd.	Shandong Yitun	Free of income tax	Note 2
Yantai Zhizhuren Animal Husbandry Co., Ltd.	Yantai Zhizhuren	Free of income tax	Note 2
Laizhou Zhizhuren Animal Husbandry Co., Ltd.	Laizhou Zhizhuren	Free of income tax	Note 2
Qinzhou Yitun Ecological Agriculture Co., Ltd.	Qinzhou Yitun	Free of income tax	Note 2
Feicheng Heruifeng Agricultural Science and Technology Co., Ltd.	Feicheng Heruifeng	Free of income tax	Note 2
Weifang Xuheng Agricultural Science and Technology Co., Ltd.	Weifang Xuheng	Free of income tax	Note 2
Linyi Yitun Ecological Agriculture Co., Ltd.	Linyi Yitun	Free of income tax	Note 2
Gaotang Huayu Pig Farming Co., Ltd.	Gaotang Huayu	Free of income tax	Note 2
Jianong (Lianyungang) Husbandry Technology Co., Ltd.	Lianyungang Jianong	Free of income tax	Note 2
Guizhou Aikexin Pig Farming Co.,Ltd.	Guizhou Aikexin	Free of income tax	Note 2; Note23
Binyang Heji Yitun Ecological Agriculture Co., Ltd.	Binyang Heji Yitun	Free of income tax	Note 2
Shaoyang Yitun Ecological Agriculture Co., Ltd.	Shaoyang Yitun	Free of income tax	Note 2
Qinzhou Qinnan Yitun Ecological Agriculture Co., Ltd.	Qinnan Yitun	Free of income tax	Note 2
Huayuan Yitun Ecological Agriculture Co., Ltd.	Huayuan Yitun	Free of income tax	Note 2
Baojing Yitun Ecological Agriculture Co., Ltd.	Baojing Yitun	Free of income tax	Note 2
Yingde Yitun Pig Farming Co., Ltd.	Qiaotou Yitun Farming	Free of income tax	Note 2
Ruyuan Yitun Pig Farming Co., Ltd.	Ruyuan Yitun	Free of income tax	Note 2
Hengnan Yitun Ecological Agriculture Co., Ltd.	Hengnan Yitun	Free of income tax	Note 2
Guangzhou Haiwei Feed Co., Ltd.	Guangzhou Haiwei	15	Note 1
Guangzhou Rongchuan Feed Co., Ltd.	Guangzhou Rongchuan	25	
Foshan Haihang Feed Co., Ltd.	Foshan Haihang	25	

Name of taxpayer	Abbr.	Income tax rate (%)	Note
Maoming Haihang Feed Co., Ltd.	Maoming Haihang	25	
Guangzhou Dachuan Feed Co., Ltd.	Guangzhou 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	20	Note 18
Shaanxi Haid Agriculture and Animal Husbandry Co., Ltd.	Shaanxi Haid	Free of income tax	Note 2
Yangling Haid Feed Co., Ltd.	Yangling Haid	15	Note 7
Gansu Haid Feed Co., Ltd.	Gansu Haid	15、 Free of income tax	Note 2; Note 7
Weinan Haid Feed Co., Ltd.	Weinan Haid	20	Note 18
Hunan Haid Bio-Feed Co., Ltd.	Hunan Haid	25、 12.5	Note 3
Guangzhou Haihe Feed Co., Ltd.	Guangzhou Haihe	25	
Liaocheng Haixin Enterprise Management Consulting Co., Ltd.	Liaocheng Haixin	25	
Anyang Haiyue Feed Technology Co., Ltd.	Anyang Haiyue	20	Note 18
Zoucheng Haiyue Enterprise Management Consulting Co., Ltd.	Zoucheng Haiyue	20	Note 18
Yinan Haiyue Biotechnology Co., Ltd.	Yinan Haiyue	25	
Lanzhou Haid Feed Co., Ltd.	Lanzhou Haid	15	Note 7
Foshan Haipu Feed Co., Ltd.	Foshan Haipu	25	
Qingyuan Haibei Biotechnology Co., Ltd.	Qingyuan Haibei	15	Note 1
Qingyuan Hailong Biotechnology Co., Ltd.	Qingyuan Hailong	25	
Zhanjiang Haid Feed Co., Ltd.	Zhanjiang Haid	25	
Jiangmen Haid Feed Co., Ltd.	Jiangmen Haid	15	Note 1
Chengdu Haid Biotechnology Co., Ltd.	Chengdu Haid	15	Note 7
Taizhou Haid Bio-Feed Co., Ltd.	Taizhou Haid	25、 12.5	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	

Name of taxpayer	Abbr.	Income tax rate (%)	Note
Zhejiang Haid Feed Co., Ltd.	Zhejiang Haid	25	
Shaoxing Haid Biotechnology Co., Ltd.	Shaoxing Haid	25	
Guangxi Haid Feed Co., Ltd.	Guangxi Haid	25	
KINGHILL HOLDINGS PTE.LTD.	Kinghill Holdings	17	Note.12
KINGHILL PTE.LTD.	Kinghill Pte.	17	Note.12
Haid Egypt Co.,Ltd	Haid Egypt	22.5	Note.22
KINGHILL RESOURCES PTE.LTD.	Kinghill Resources	17	Note.12
VIETNAM HAIBEI BIOTECHNOLOGY CO.,LTD	Vietnam Haibei	Free of income tax	Note.10
KINGHILL AGRI PTE.LTD.	Kinghill Agri	17	Note.12
PT.HAIDA AGRICULTURE INDONESIA	Haida Indonesia	25	Note.20
PT.HAIDA SURABAYA TRADING	Haida Surabaya	25	Note.20
PT HISENOR TECHNOLOGY INDONESIA	Hisenor Indonesia	25	Note.20
Jiangxi Haid Feed Co., Ltd.	Jiangxi Haid	25	
Guangzhou Haid Feed Co., Ltd.	Guangzhou Haid	25	
Guangdong Hisenor Group Co., Ltd.	Guangdong Hisenor	12.5	Note.3
Zhanjiang Hisenor Marine Biotechnology Co., Ltd.	Zhanjiang Hisenor	12.5	Note.3
Zhanjiang Haijingzhou Marine Biotechnology Co., Ltd.	Zhanjiang Haijingzhou	12.5	Note.3
Hainan Hisenor Marine Biotechnology Co., Ltd.	Hainan Hisenor	12.5	Note.3
Jingtai Haijingzhou Fishery Technology Co., Ltd.	Jingtai Haijingzhou	12.5	Note.3
Zhangzhou Haijingzhou Marine Biotechnology Co., Ltd.	Zhangzhou Haijingzhou	12.5	Note.3
Rongcheng Rongchuan Biotechnology Co., Ltd.	Rongcheng Rongchuan	25	
Rongcheng Yandunjiao Fish Meal Co., Ltd.	Rongcheng Yandunjiao	25、 Free of income tax	Note.4
Fujian Haid Sun Feed Co., Ltd.	Fujian Haid Sun	25、 Free of income tax	Note.5
Pucheng Haid Sun Feed Co., Ltd.	Pucheng Haid Sun	20.0、 Free of income tax	Note.5; Note.18
Xinjiang Xiyu Haihua Resources Co., Ltd.	Xiyu Haihua	25	
Jinzhou Zhengyuan Grains Trading Co., Ltd.	Jinzhou Zhengyuan	25	
Yingkou Fengmu Agricultural Development Co., Ltd.	Yingkou Fengmu	25	
Guangzhou Haiyou Trade Co., Ltd.	Guangzhou Haiyou	25	
Alaer Ruiliheng Biological Protein Co., Ltd.	Alaer Ruiliheng	Free of income tax	Note.19

Name of taxpayer	Abbr.	Income tax rate (%)	Note
Alaer Ruitai Biological Protein Co., Ltd.	Alaer Ruitai Biological	25	
Ningbo Fengmu Agricultural Development Co., Ltd.	Ningbo Fengmu	25	
Maoming Hailong Feed Co., Ltd.	Maoming Hailong	25	
Nanchang Haid Biotechnology Co., Ltd.	Nanchang Haid	25	
Zhuhai Rongchuan Feed Co., Ltd.	Zhuhai Rongchuan	15	Note.1
Jieyang Haid Feed Co., Ltd.	Jieyang Haid	25	
Foshan Sanshuifanling Feed Co., Ltd.	Sanshui Fanling	25	
Dalian Haid Rongchuan Trading Co., Ltd.	Dalian Haid	25	
Haid International Group Limited	Haid International	8.25、Free of income tax	Note.21
China Haida Feed Group(HK)Limited	Haida HK	16.5	Note.9
Rickworth Investments Limited	Rickworth	Free of income tax	Note.8
Hong Kong Longreat Trading Co.,Limited	Hong Kong Longreat	16.5	Note.9
HAID FEED COMPANY LIMITED	Dong Nai Haid	Free of income tax	Note.10
Dancl Limited	Dancl	16.5	Note.9
PANASIA TRADING RESOURCES LIMITED	Panasia Trading	Free of income tax	Note.8
SHENG LONG INTERNATIONAL LTD.	Sheng Long International	Free of income tax	Note.8
SHENG LONG BIO-TECH INTERNATIONAL CO.,LTD	Sheng Long Bio-Tech	20、 10	Note.10
LONG SHENG INTERNATIONAL CO.,LTD	Long Sheng International	20、 10	Note.10
Hisenor International Limited	Hisenor International	Free of income tax	Note.8
HISENOR VIET NAM AQUATIC BREEDING CO.,LTD	Hisenor Viet Nam	Free of income tax	Note.10
KEMBANG SUBUR INTERNATIONAL LTD.	Kembang Subur International	24	Note.11
NAMDUONG VIETNAM AQUATIC HATCHERY CO.,LTD.	Namduong Vietnam	Free of income tax	Note.10
SHENG LONG BIO TECH (M) SDN.BHD.	Sheng Long Malaysia	24	Note.11
SHENG LONG AQUATIC TECHNOLOGY (M) SDN.BHD.	Sheng Long Aquatic Malaysia	24	Note.11
Nano South Limited	Nano South	Free of income tax	Note.8
Oceanic Forward Ventures Limited	Oceanic	Free of income tax	Note.8

Name of taxpayer	Abbr.	Income tax rate (%)	Note
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、12.5	Note.3
Tianjin Haid Feed Co., Ltd.	Tianjin Haid	25	
Jiangmen A&T Xinhui Feed Co., Ltd.	A&T Xinhui	25	
Tianmen Haid Feed Co., Ltd.	Tianmen Haid	25	
Zhuhai Hailong Biotechnology Co., Ltd.	Zhuhai Hailong	15	Note.1
Yangjiang Haid Feed Co., Ltd.	Yangjiang Haid	25	
Guigang Haid Feed Co., Ltd.	Guigang Haid	25	
Yiyang Haid Feed Co., Ltd.	Yiyang Haid	25	
Nantong Haid Biotechnology Co., Ltd.	Nantong Haid	25	
Yunnan Haid Biotechnology Co., Ltd.	Yunnan Haid	15	Note.1
Guangzhou Hailong Feed Co., Ltd.	Guangzhou Hailong	25	
Zhaoqing Haid Feed Co., Ltd.	Zhaoqing Haid	25	
Wuhan Aquaera Biotechnology Co., Ltd.	Wuhan Aquaera	25	
Shenzhen Longreat Trading Co., Ltd.	Shenzhen Longreat	25	
LANKING PTE.LTD.	Lanking	17	Note.12
Haid Lanking International Trading Inc.	Lanking America	Note.13	Note.13
LANKING NEMO(SG) PTE.LTD.	Lanking Nemo	17	Note.12
SHENGLONG BIO-TECH(INDIA)PRIVATE LIMITED	Sheng Long India	25	Note.14
LANKING RICKWORTH PTE.LTD.	Lanking Rickworth	17	Note.12
Lanking Nano PTE.LTD.	Lanking Nano	17	Note.12
HAI DUONG HAID COMPANY LIMITED	Hai Duong Haid	Free of income tax	Note.10
HAI DAI COMPANY LIMITED	Hai Dai Feeding	Free of income tax	Note.10
VINH LONG HAI DAI CO.,LTD	Vinh Long Hai Dai	Free of income tax	Note.10
Hunan Dongting Haid Feed Co., Ltd.	Dongting Haid	25	
Zhangzhou Haid Feed Co., Ltd.	Zhangzhou Haid	25	
Anhui Haid Feed Co., Ltd.	Anhui Haid	25	
Xiangtan Haid Feed Co., Ltd.	Xiangtan Haid	25	
Guangzhou Changsheng Logistics Co., Ltd.	Changsheng Logistics	20	Note.18
Guangzhou Cangyouliang Trading Co., Ltd.	Guangzhou Cangyouliang	25	

Name of taxpayer	Abbr.	Income tax rate (%)	Note
Guangzhou Zhongcangsheng Commercial & Trading Co., Ltd.	Guangzhou Zhongcangsheng	25	
Guangzhou Danong Enterprise Management Co., Ltd.	Guangzhou Danong	25	
Dingtao Hairong Livestock Farming Service Specialized Cooperative	Dingtao Hairong	Free of income tax	Note.15
Chengnan Development Zone Hairong Livestock Farming Service Specialized Cooperative	Chengnan Hairong	20、 Free of income tax	Note.16; Note.18
Guigang Hairong Farming Service Specialized Cooperative	Guigang Hairong	20、 Free of income tax	Note.1; Note.18
Zhangzhou Longwen Hairong Farming Service Specialized Cooperative	Zhangzhou Hairong	Free of income tax	Note.15
Guangzhou Haifengchang Enterprise Management Co., Ltd.	Guangzhou Haifengchang	25	
Wuhan Zeyi Investment Co., Ltd.	Wuhan Zeyi	25	
Shandong Haiding Agriculture and Animal Husbandry Co., Ltd.	Shandong Haiding	25	
Suixian Yuliang Haiding Feed Co., Ltd.	Suixian Haiding	25	
Yuncheng Haiding Hongda Feed Co., Ltd.	Yuncheng Haiding	25	
Heze Development Zone Haiding Commercial & Trading Co., Ltd.	Heze Haiding Commercial & Trading	20	Note.18
Dingtao Haiding Feed Co., Ltd.	Dingtao Haiding	25	
Liaocheng Haiding Feed Co., Ltd.	Liaocheng Haiding	25	
Shanxian Zhongyi Haiding Feed Co., Ltd.	Shanxian Haiding	25	
Xinxiang Haiding Feed Co., Ltd.	Xinxiang Haiding	25	
Xinxiang Hairuida Feed Co., Ltd.	Xinxiang Hairuida	25	
Heze Haiding Feed Technology Co., Ltd.	Heze Haiding Feed	15	Note.1
Jining Haiding Feed Co., Ltd.	Jining Haiding	25	
Feixian Hairuida Feed Co., Ltd.	Feixian Hairuida	25	
Yinan Haiding Feed Co., Ltd.	Yinan Haiding	25	
Liaocheng Haiding Food Co., Ltd.	Liaocheng Food	25	
Qufu Haiding Commercial & Trading Co., Ltd.	Qufu Haiding	25	
Tengzhou Fengcheng Feed Co., Ltd.	Tengzhou Fengcheng	20	Note.18
Binzhou Haiding Feed Co., Ltd.	Binzhou Haiding	25	
Jining Fengcheng Feed Co., Ltd.	Jining Fengcheng	25	

Name of taxpayer	Abbr.	Income tax rate (%)	Note
Dong'e Dingxin Farming Service Co., Ltd.	Dong'e Dingxin	Free of income tax	Note.2
Heze Haiding Ecological Farming Co., Ltd.	Heze Haiding Farming	Free of income tax	Note.2
Linyi Haiding Feed Technology Co., Ltd.	Linyi Haiding	25	Note.24
Linyi Hedong Haiding Agriculture and Animal Husbandry Development Co., Ltd.	Linyi Hedong Haiding	25	Note.25
Binzhou Dingxin Farming Service Co., Ltd.	Binzhou Dingxin	Free of income tax	Note.2
Junan Haiding Feed Co., Ltd.	Junan Haiding	25	
Sihong Haiding Feed Co., Ltd.	Sihong Haiding	25	
Linyi Dingxin Farming Co., Ltd.	Linyi Dingxin	Free of income tax	Note.2
Xishui Haid Feed Co., Ltd.	Xishui Haid	25	
Hubei Haililiang Fertilizer Co., Ltd.	Hubei Haililiang	25	
Yancheng Haid Bio-Feed Co., Ltd.	Yancheng Haid	25	
Honghu Haid Feed Co., Ltd.	Honghu Haid	25	
Kaifeng Haid Feed Co., Ltd.	Kaifeng Haid	25	
Guangzhou Heshengtang Biotechnology Co., Ltd.	Guangzhou Heshengtang Biotechnology	25	
Guangzhou Heshengtang Veterinary Pharmaceutical Co., Ltd.	Guangzhou Heshengtang Pharmaceutical	25	
Guangdong Haid Livestock Veterinary Research Institute Co., Ltd.	Haid Livestock Veterinary Company	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	
HAID (ECUADOR) FEED CIA.LTDA.	Haid Ecuador	Free of income tax	Note.17
HAIDMARINO CIA.LTDA.	HAIDMARINO Food	Free of income tax	Note.17



Name of taxpayer	Abbr.	Income tax rate (%)	Note
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	12.5	Note.3
Zhaoqing Bairong Aquatic Farming Co., Ltd.	Zhaoqing Bairong	12.5	Note.3
Yangxin Bairong Aquatic Farming Co., Ltd.	Yangxin Bairong	12.5	Note.3
Jingzhou Bairong Aquatic Farming Co., Ltd.	Jingzhou Bairong	12.5	Note.3
Linyi Bairong Aquatic Farming Co., Ltd.	Linyi Bairong	12.5	Note.3
Hunan Innovation Biotechnology Limited	Hunan Innovation	15	Note.1
Guangzhou Haishengke Investment Co., Ltd.	Guangzhou Haishengke	25	
Sichuan Hailinger Biopharmaceutical Co., Ltd.	Sichuan Hailinger	25	
Sanming Haid Feed Co., Ltd.	Sanming Haid	25	
Qingyuan Haid Biotechnology Co., Ltd.	Qingyuan Haid	25	
Qingyuan Hainong Agriculture and Animal Husbandry Co., Ltd.	Qingyuan Hainong	Free of income tax	Note.2
Xuancheng Haid Biotechnology Co., Ltd.	Xuancheng Haid	25	
Guangdong Shunde Haid Biotechnology Co., Ltd.	Shunde Haid	25	
Jiaxing Haid Yongwang Bio-Feed Co., Ltd.	Jiaxing Haid	25	
Shijiazhuang Weike Biotechnology Co., Ltd.	Shijiazhuang Weike	15	Note.1
Chongqing Haid Feed Co., Ltd.	Chongqing Haid	25	
Shenyang Haid Feed Co., Ltd.	Shenyang Haid	25	
Jiangsu Haihe Agriculture and Animal Husbandry Co., Ltd.	Jiangsu Haihe	25	
Xuzhou Haihe Feed Co., Ltd.	Xuzhou Haihe	25	
Lianyungang Haihe Feed Co., Ltd.	Lianyungang Haihe	25	
Xuzhou Haid Hexin Feed Co., Ltd.	Xuzhou Haid	25	
Anshan Dachuan Feed Technology Co., Ltd.	Anshan Dachuan	25	
Guangzhou Haiyuan Factoring Co., Ltd.	Guangzhou Haiyuan Factoring	25	
Heze Dingtao Hairong Farming Specialized Cooperative Association	Heze Hairong	Free of income tax	Note.15
Haid Pet Care Co., Ltd.	Haid Pet	25	
Haid Pet Care (Weihai) Co., Ltd.	Weihai Pet	25	
Qujing Zhihai Feed Co., Ltd.	Qujing Zhihai	25	

Name of taxpayer	Abbr.	Income tax rate (%)	Note
Dali Haiwang Feed Co., Ltd.	Dali Haiwang	25	
Yibin Zhihai Feed Co., Ltd.	Yibin Zhihai	25	
Guiyang Haid Zhihai Feed Co., Ltd.	Guiyang Zhihai	25	
Yichang Zhihai Feed Co., Ltd.	Yichang Zhihai	25	
Meishan Haid Zhihai Feed Co., Ltd.	Meishan Zhihai	25	
Ganzhou Haid Biotechnology Co., Ltd.	Ganzhou Haid	25	
Foshan Haid Hangbiao Feed Co., Ltd.	Foshan Haid	25	
Guangzhou Zecan Investment Management Co., Ltd.	Guangzhou Zecan	25	
Guangzhou Punong Investment Management Co., Ltd.	Guangzhou Punong	25	
Shandong Fengying Food Co., Ltd.	Shandong Fengying	25	
Jiaxiang Haiying Food Co., Ltd.	Jiaxiang Haiying	25、 Free of income tax	Note.6
Linxi County Haiying Food Co., Ltd.	Linxi Haiying	25、 Free of income tax	Note.6
Yiyuan Haiying Food Co., Ltd.	Yiyuan Haiying	25、 Free of income tax	Note.6
Zouping Haiying Food Co., Ltd.	Zouping Haiying	25、 Free of income tax	Note.6
Guangzhou Yuannong Investment Management Co., Ltd.	Guangzhou Yuannong	25	
Guangdong Haid Poverty Alleviation Investment Development Co., Ltd.	Guangdong Haid Poverty Alleviation	25	
Liyang Jiuhe Feed Co., Ltd.	Liyang Jiuhe	25	
Shaoguan Haid Biotechnology Co., Ltd.	Shaoguan Haid	25	
Shandong Daxin Group Co., Ltd.	Shandong Daxin	25	
Qingdao Daxin Feed Co., Ltd.	Qingdao Daxin	25	
Qingdao Huaxin Feed Co., Ltd.	Qingdao Huaxin	25	
Weifang Daxin Feed Co., Ltd.	Weifang Daxin	25	
Yantai Daxin Feed Co., Ltd.	Yantai Daxin	25	
Linyi Yihe Feed Co., Ltd.	Linyi Yihe	25	
Jiangsu Daxin Feed Co., Ltd.	Jiangsu Daxin	20	Note.18
Shandong Daxin Agriculture and Animal Husbandry Technology Co., Ltd.	Shandong Daxin Agriculture and Animal Husbandry	25	

Name of taxpayer	Abbr.	Income tax rate (%)	Note
Qingdao Zhizhuxia Pig Farming Services Co., Ltd.	Qingdao Zhizhuxia	20	Note.18
Liaocheng Daxin Feed Co., Ltd.	Liaocheng Daxin	25	
Huanan Hailong Feed Co., Ltd.	Huanan Hailong	25	
Hunan Jinhuilong Agriculture and Animal Husbandry Development Co., Ltd.	Hunan Jinhuilong	25	
Yueyang Jinhuilong Biotechnology Co., Ltd.	Yueyang Jinhuilong	25	
Jiaozuo Jinhuilong Biotechnology Co., Ltd.	Jiaozuo Jinhuilong	25	
Shijiazhuang Huilong Feed Co., Ltd.	Shijiazhuang Huilong	25	
Handan Huilong Feed Co., Ltd.	Handan Huilong	25	
Huaian Huilong Feed Co., Ltd.	Huaian Huilong	25	
Fuzhou Haid Feed Co., Ltd.	Fuzhou Haid	25	
Zhaoqing Gaoyao Haid Biotechnology Co., Ltd.	Gaoyao Haid	25	
Nanning Haid Biological Technology Co., Ltd.	Nanning Haid	25	
Ganzhou Hailong Feed Co., Ltd.	Ganzhou Hailong	25	
Yancheng Dachuan Feed Co., Ltd.	Yancheng Dachuan	25	
Guangzhou Haiyuan Micro-Credit Co., Ltd.	Guangzhou Haiyuan Micro-Credit	25	
Guangdong Haid Biological Technology Co., Ltd.	Guangdong Haid Biological Technology	25	
Jiangmen Rongchuan Feed Co., Ltd.	Jiangmen Rongchuan	25	
Chongqing Zhihai Feed Co., Ltd.	Chongqing Zhihai	25	
Meizhou Haid Biological Technology Co., Ltd.	Meizhou Haid	25	
Yicheng Haid Biological Technology Co., Ltd.	Yicheng Haid	25	
Heshan Ronghai Feed Co., Ltd.	Heshan Ronghai	25	
Hexian Haid Biological Technology Co., Ltd.	Hexian Haid	25	
Pingnan Haid Feed Co., Ltd.	Pingnan Haid	25	
Guangzhou Shunkang Aquatic Farming Co., Ltd.	Guangzhou Shunkang	25	
Tianjin Rongchuan Feed Co., Ltd.	Tianjin Rongchuan	25	
Zhanjiang Rongda Feed Co., Ltd.	Zhanjiang Rongda	25	
Huainan Haid Biology Feed Co., Ltd.	Huainan Haid	25	
Maoming Haid Biological Technology Co., Ltd.	Maoming Haid	25	
Guangzhou Ronghai Farming Technology Co., Ltd.	Guangzhou Ronghai	25	
Zhongshan Ronghai Aquatic Farming Co., Ltd.	Zhongshan Ronghai	12.5	Note.3

Name of taxpayer	Abbr.	Income tax rate (%)	Note
Guangzhou Rongda Aquatic Technology Co., Ltd.	Guangzhou Rongda	12.5	Note.3
Jiangmen Ronghai Farming Technology Co., Ltd.	Jiangmen Ronghai	12.5	Note.3
Sichuan Rongchuan Feed Co., Ltd.	Sichuan Rongchuan	25	
Yulin Haid Feed Co., Ltd.	Yulin Haid	25	
Sichuan Haile Agriculture and Animal Husbandry Co., Ltd.	Sichuan Haile	25	
Yichang Zhihai Agriculture and Animal Husbandry Co., Ltd.	Yichang Agriculture and Animal	25	
Guangzhou Xingnong Agriculture and Animal Husbandry Development Co., Ltd.	Guangzhou Xingnong	25	
Xinxing Haifeng Agriculture and Animal Husbandry Co., Ltd.	Xinxing Haifeng	Free of income tax	Note.2
Sihui Haifeng Ecological Agriculture Co., Ltd.	Sihui Haifeng	Free of income tax	Note.2、 Note.26
Qingyuan Ronghai Farming Technology Co., Ltd.	Qingyuan Ronghai	12.5	Note.3; Note.27
Guangzhou Haiyin Financing Guarantee Co.Ltd.	Guangzhou Haiyin Guarantee	25	
Qinzhou Hailong Feed Co., Ltd.	Qinzhou Hailong	25	
Deyang Dachuan Biological Technology Co., Ltd.	Deyang Dachuan	25	
Hainan Haid Biological Technology Co., Ltd.	Hainan Haid	25	
Liuzhou Haid Feed Co., Ltd.	Liuzhou Haid	25	
Jiangsu Dachuan Biological Technology Co., Ltd.	Jiangsu Dachuan	25	Note.28
Zhaoqing Ronghai Farming Co., Ltd.	Zhaoqing Ronghai	12.5	Note.3
Gaoan Haid Biological Technology Co., Ltd.	Gaoan Haid	25	
Shanggao Haid Biological Technology Co., Ltd.	Shanggao Haid	25	

Note 1: The Company's subsidiaries Guangzhou Haiwei, Guangzhou Dachuan, Jiangmen Haid, Guangdong Hinter, Qingyuan Haibei, Zhuhai Rongchuan, Zhuhai Hailong, Yunnan Haid, Heze Haiding Feed, Hunan Innovation and Shijiazhuang Weike were recognized as high-tech enterprises by their respective provincial departments of science and technology, departments of finance, offices of the State Administration of Taxation or local taxation bureaus for an effective period of three years. As such, they were subject to a corporate income tax rate of 15% in 2019.

Note 2: The income of the company's subsidiaries enjoyed income from livestock and poultry farming free of corporate income tax as per the Corporate Income Tax Law of the People's Republic of China and the

Regulation on the Implementation of the Corporate Income Tax Law of the People's Republic of China.

Note 3: The Company's subsidiaries Guangdong Hisenor, Zhanjiang Hisenor, Hainan Hisenor (recognized as a high-tech enterprise by the provincial department of science and technology, department of finance, office of the State Administration of Taxation or local taxation bureau), Yangxin Bairong, Jingzhou Bairong, Qingyuan Ronghai, Nanhai Bairong, Zhaoqing Bairong, Enping Fengwo, Hunan Hadi, Taizhou Haid, Changzhou Haid, Zhongshan Ronghai, Guangzhou Rongda, Zhanjiang Haijingzhou, Jingtai Haijingzhou, Zhangzhou Haijingzhou, Linyi Bairong, Jiangmeng Ronghai and Zhaoqing Ronghai 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 and other income is subject to corporate income tax at a rate of 25%.

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. Among them, Pucheng Haisheng enjoys the general income tax reduction and exemption policy for small meager companies

Note 6: The Company's subsidiaries Jiexiang Haiying, Linxi Haiying, Yiyuan Haiying and Zouping Haiying were exempted from corporate income tax on their income from selling slaughtered and cut poultry for these products were primarily processed agricultural products as stated in the Notice of the Ministry of Finance and State Administration of Taxation on Announcing the Scope of Primary Processing of Agricultural Products Covered by Preferential Policies on Corporate Income Tax (for Trial Implementation) (CS [2008] No. 149, as well as were subject to a corporate income tax of 25% on other income

Note 7: The Company's subsidiaries Chengdu Haid, Yangling Haid, Gansu Haid and Lanzhou Haid are enjoying a preferential corporate income tax rate of 15% for the period from 2013 to 2020, the period from 2018 to 2020 and the period from 2019 to 2020(for Gansu Haid and Lanzhou Haid), respectively, as enterprises involved in the Western China Development program in accordance with the Notice of the

Ministry of Finance, the General Administration of Customs and the State Administration of Taxation on Tax Policy Issues concerning Further Implementing the Western China Development Strategy (CS [2011] No. 58) and the Announcement of the State Administration of Taxation on Issues Concerning Corporate Income Tax Related with Enhancing

Note 8: Registered in the British Virgin Islands, the Company's subsidiaries Rickworth, Panasia Trading, Sheng Long International, Hisenor International, Nano, Oceanic, Power Spring and Link are exempted from corporate income tax according to the local tax law.

Note 9: Registered in Hong Kong, the Company's subsidiaries Haida HK, Hong Kong Longreat and Danci are subject to a profit tax rate of 16.50% according to the local tax law.

Note 10: The Company's subsidiaries Dong Nai Haid, Sheng Long Bio-Tech, Long Sheng International, Hisenor Vietnam, Namduong Vietnam, Hai Duong Haid, Hai Dai Company Limited, Vinh Long Hai Dai and Vietnam Haibei are registered in Vietnam. Among them:

① Dong Nai Haid and Hai Duong Haid are enjoying a preferential policy that exempt them from corporate income tax for two years starting from the year it makes profit and grant them a halved corporate income tax rate in the subsequent four years. In 2019, Dong Nai Haid and Hai Duong Haid make profits in the first year and they are exempt from corporate income tax.

② Hai Dai Company Limited, Vinh Long Hai Dai and Vietnam Haibei are enjoying a preferential policy that exempt them from corporate income tax for two years starting from the year it makes profit and grant them a halved corporate income tax rate in the subsequent four years. In 2019, Dong Nai Haid and Hai Duong Haid didn't make profits and they are exempt from corporate income tax.

③ Sheng Long Bio-Tech was subject to a preferential corporate income tax rate of 10%, tax rate of 20% for Cold storage rental income, tax rate of 20% for raw material sales, animal insurance reduced by 50% at 17%, and other income at 20% for making new investments in the local poor areas.

④ Long Sheng International was subject to a preferential corporate income tax rate for making new investments in the local poor areas. (Feed output is less than 27,000 tons at 10%, and the excess is at 20%).

⑤ Namduong Vietnam and Hisenor Vietnam farmed shrimp, they were exempted from corporate income tax as per the local tax law.

Note 11: Registered in Malaysia, the Company's subsidiaries Sheng Long Malaysia, Kembang Subur International and Sheng Long Aquatic Malaysia were 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 Nemo, Lanking

Rickworth, Lanking Nano, Kinghill Holdings, Kinghill Pte., Kinghill Resources and Kinghill Agri were subject to a corporate income tax rate of 17% as per the local tax law.

Note 13: Registered in the U.S., the Company's subsidiary Lanking America is subject to variable tax rates according to the country's federal taxation system. For 2019, the subsidiary needed not to pay the federal corporate income tax due to loss and only needed to pay the minimum tax of USD800 of California (8.84% of the taxable income for the corporate income tax required by California).

Note 14: Registered in India, the Company's subsidiary Sheng Long India was subject to a corporate income tax rate of 25% as per the local tax law.

Note 15: The Company's subsidiaries Dingtao Hairong, Zhangzhou Hairong and Heze Hairong were exempted from corporate income tax in 2019 on their income from agriculture, forestry, animal husbandry or fishery as per item 27, sub-item 1 of the Corporate Income Tax Law of the People's Republic of China.

Note 16: The Company's subsidiaries Chengnan Hairong and Guigang Hairong were exempted from corporate income tax in 2018 on their income from agriculture, forestry, animal husbandry or fishery as per item 27, sub-item 1 of the Corporate Income Tax Law of the People's Republic of China. And other income are subject to a corporate income tax rate of 20% base on tax incentives for small profit-making enterprise (refer to Note.18).

Note 17: The Company's subsidiary Haid Ecuador and HAIDMARINO Food were registered in Ecuador. According to Ecuador's local tax laws, enterprises begin to enjoy the tax exemption period for 12 years after issuing the first invoice, and the tax rate after the tax exemption period is 25%. Haid Ecuador and HAIDMARINO Food are in the construction period in 2019 and are exempt from corporate income tax.

Note 18: For the Company's subsidiary Anyang Haiyue, Tengzhou Fengcheng, Chengnan Hairong, Guigang Hairong, Weinan Haid, Zhoucheng Haiyue, Changsheng Logistics, Qingdao Zhizhuxia, Jiangsu Daxin, Heze Haiding Commercial & Trading, Guangzhou Haiyiyuan and Pucheng Haisheng, according to the Announcement of the State Administration of Taxation on the Issues Concerning the Implementation of the Inclusive Income Tax Relief Policy for Small and Small Profit Enterprises (State Administration of Taxation Announcement No. 2 of 2019), from January 1, 2019 to December 31, 2021, the portion of the annual taxable income of a small meager profit enterprise that does not exceed 1 million yuan is reduced to 25% of the taxable income, and the enterprise income tax is paid at a tax rate of 20%; for the portion of the annual taxable income exceeding 1 million yuan but not exceeding 3 million yuan, 50% shall be deducted from the taxable income and the enterprise income tax shall be paid at the rate of 20%.

Note 19: The Company's subsidiary Xinjiang Ruiliheng was exempted from corporate income tax on income from cottonseed oil, cottonseed meal, boll hull, cotton linter, Chinese honeylocust fruit and grey cotton for these products were primarily processed agricultural products as stated in the Notice of the Ministry of Finance and State Administration of Taxation on Announcing the Scope of Primary Processing

of Agricultural Products Covered by Preferential Policies on Corporate Income Tax (for Trial Implementation) (CS [2008] No. 149), as well as were subject to a corporate income tax of 25% on other income.

Note 20: Registered in Indonesia, the Company's subsidiaries Haida Indonesia, Haida Surabaya and Hisenor Indonesia were subject to a corporate income tax rate of 25% as per the local tax law

Note 21: Registered in the British Virgin Islands, the Company's subsidiary Haid International was exempted from corporate income tax according to the local tax law. Meanwhile, as a Hong Kong taxable resident enterprise with its business premises in the city, Haid International was subject to a halved income tax rate of 8.25% on its treasury center business in 2019.

Note 22: Registered in Egypt, the Company's subsidiaries Haid Egypt was subject to a corporate income tax rate of 22.5% as per the local tax law.

Note 23: The Company's subsidiary Guiding Yitun Ecological Agriculture Co., Ltd. has changed its name to "Guizhou Aikexin Pig Farming Co., Ltd." in December 2019.

Note 24: The Company's subsidiary Linyi Haiding Youju Feed Technology Co., Ltd. has changed its name to "Linyi Haiding Feed Technology Co., Ltd." in March 2019.

Note 25: The Company's subsidiary Linyi Hedong Haiding Youju Agriculture and Animal Husbandry Development Co., Ltd. has changed its name to "Linyi Hedong Haiding Agriculture and Animal Husbandry Development Co., Ltd." in March 2019.

Note 26: The Company's subsidiary Sihui Yitun Ecological Agriculture Co., Ltd. has changed its name to "Sihui Haifeng Ecological Agriculture Co., Ltd." in September 2019.

Note 27: The Company's subsidiary Qingyuan Bairong Aquatic Farming Co., Ltd. has changed its name to "Qingyuan Ronghai Farming Technology Co., Ltd." in August 2019.

Note 28: The Company's subsidiary Jiangsu Jinhuilong Biotechnology Co., Ltd. has changed its name to "Jiangsu Dachuan Biotechnology Co., Ltd." in September 2019.



**V Notes to Key Items in Consolidated Financial Statements**
**1. Cash at bank and on hand**

Item	As at 31/12/2019			As at 31/12/2018		
	Foreign Currency	Exchange Rate	RMB	Foreign Currency	Exchange Rate	RMB
Cash on hand:	—	—	1,127,806.04	—	—	3,458,157.23
RMB	-	-	388,363.33	-	-	378,606.58
USD	1,758.38	6.976200	12,266.81	6,732.43	6.863200	46,206.02
VND	2,248,963,647.00	0.000300	674,689.09	10,261,332,383.24	0.000295	3,028,299.77
EGP	74,720.00	0.434652	32,477.20	-	-	-
IDR	559,291.29	0.000488	272.93	7,067,590.00	0.000474	3,346.90
MYR	2.00	1.698600	3.40	-	-	-
INR	201,745.00	0.097813	19,733.28	17,352.00	0.097854	1,697.96
Cash in bank:	—	—	1,788,428,202.67	—	—	1,637,357,730.01
RMB	-	-	1,344,826,231.05	-	-	1,303,524,178.45
USD	26,952,031.79	6.976200	188,022,764.17	17,180,244.20	6.863200	117,911,452.02
VND	727,341,107,442.09	0.000300	218,202,332.23	628,743,863,916.59	0.000295	185,553,380.15
HKD	546,065.44	0.895780	489,154.50	-	-	-
EUR	1,487.58	7.815500	11,626.18	-	-	-
SGD	180.87	5.173900	935.80	-	-	-
EGP	374,204.18	0.434652	162,648.60	-	-	-
IDL	38,651,239,496.32	0.000488	18,861,804.87	32,278,847,632.06	0.000474	15,285,996.86

Item	As at 31/12/2019			As at 31/12/2018		
	Foreign Currency	Exchange Rate	RMB	Foreign Currency	Exchange Rate	RMB
MYR	973,525.76	1.698600	1,653,630.86	2,269,659.57	1.647909	3,740,192.94
INR	165,592,246.53	0.097813	16,197,074.41	115,911,000.51	0.097856	11,342,529.59
Other monetary funds:	—	—	60,179,904.13	—	—	94,593,951.34
RMB	-	-	41,139,019.20	-	-	94,592,814.79
USD	2,729,406.40	6.976200	19,040,884.93	165.60	6.863200	1,136.55
<b>Total</b>	—	—	<b>1,849,735,912.84</b>	—	—	<b>1,735,409,838.58</b>
Including: Total overseas deposits	—	—	450,854,249.90	—	—	331,878,873.97

Note:

(1) Interest receivable included in cash in bank is RMB 961,599.30.

(2) For cash with restriction, please refer to Note V “64. Assets with restricted ownership or use right”.

## 2. Held-for-trading financial assets

Item	As at 31/12/2019	As at 31/12/2018
Held-for-trading financial assets	28,583,495.35	—
Including: Debt instrument investments	-	—
Equity instrument investments	-	—
Derivative financial assets	28,583,495.35	—
Others	-	—
<b>Total</b>	<b>28,583,495.35</b>	<b>—</b>

Note:

(1) There were no held-for-trading financial assets as restrictively realizable as of the end of the reporting period.

(2) Derivative financial assets were the fair value of futures, swap, option and forward contracts.

## 3. Financial assets at fair value through profit or loss

Item	As at 31/12/2019	As at 31/12/2018
Held-for-trading financial assets	—	49,672,592.73
Including: Derivative financial assets	—	49,672,592.73
<b>Total</b>	<b>—</b>	<b>49,672,592.73</b>

Note: Derivative financial assets were the fair value of futures, swap, option and forward contracts.

## 4. Notes receivables

Category	As at 31/12/2019			As at 31/12/2018		
	Book value	Provision for bad and doubtful debts	Carrying amounts	Book value	Provision for bad and doubtful debts	Carrying amounts
Bank acceptance bills	5,816,473.71	-	5,816,473.71	8,096,644.82	-	8,096,644.82
Usance letters of credit	4,905,927.61	-	4,905,927.61	2,412,666.54	-	2,412,666.54
<b>Total</b>	<b>10,722,401.32</b>	<b>-</b>	<b>10,722,401.32</b>	<b>10,509,311.36</b>	<b>-</b>	<b>10,509,311.36</b>

(1) The Group had no notes receivables in pledge as of the end of the reporting period.

(2) Notes receivable endorsed or discounted by the Company that are not matured at the balance sheet date.

Item	Amount derecognized at year end	Amount not-derecognized at year end
Bank acceptance bills	16,400,000.00	-
<b>Total</b>	<b>16,400,000.00</b>	<b>-</b>

(3) 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) Category by provision for bad and doubtful debts approach

Category	As at 31/12/2019				Carrying amounts
	Book value		Provision for bad and doubtful debts		
	Amount	Percentage (%)	Amount	Expected credit loss percentage (%)	
Assessed for impairment individually	-	-	-	-	-
Assessed for impairment collectively	10,722,401.32	100.00	-	-	10,722,401.32
Including:					
Bank acceptance bills	5,816,473.71	54.25	-	-	5,816,473.71
Usance letters of credit	4,905,927.61	45.75	-	-	4,905,927.61
<b>Total</b>	<b>10,722,401.32</b>	<b>100.00</b>	<b>-</b>	<b>-</b>	<b>10,722,401.32</b>

(Continued)

Category	As at 1/1/2019				Carrying amounts
	Book value		Provision for bad and doubtful debts		
	Amount	Percentage (%)	Amount	Expected credit loss percentage (%)	
Assessed for impairment individually	-	-	-	-	-
Assessed for impairment collectively	10,509,311.36	100.00	-	-	10,509,311.36
Including:					
Bank acceptance bills	8,096,644.82	77.04	-	-	8,096,644.82
Usance letters of credit	2,412,666.54	22.96	-	-	2,412,666.54
<b>Total</b>	<b>10,509,311.36</b>	<b>100.00</b>	<b>-</b>	<b>-</b>	<b>10,509,311.36</b>

(5) Recognitions or recoveries or reversals of provision for bad and doubtful debts in current period

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	<b>Amount of provision for bad and doubtful debts</b>
As at 31/12/2018	-
Adjusted amount of the first implementation of new financial instruments standard	-
As at 1/1/2019	-
Recognitions in current period	-
Recoveries or reversals in current period	-
Write off in current period	-
<b>As at 31/12/2019</b>	<b>-</b>

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**5. Accounts receivable**

## (1) Accounts receivable by aging

Aging	As at 31/12/2019
Within 1 year	985,420,942.02
1 to 2 years	68,386,011.26
2 to 3 years	27,998,505.44
3 to 4 years	24,182,331.50
4 to 5 years	21,640,985.52
More than 5 years	36,361,428.76
<b>Subtotal</b>	<b>1,163,990,204.50</b>
Less: provision for bad and doubtful debts	142,238,771.94
<b>Total</b>	<b>1,021,751,432.56</b>

## (2) Accounts receivable by the method of recognizing bad and doubtful debts

Category	As at 31/12/2019					As at 1/1/2019				
	Book value		Provision for bad and doubtful debts			Book value		Provision for bad and doubtful debts		
	Amount	Percentage (%)	Amount	Expected credit loss (%)	Carrying Amount	Amount	Percentage (%)	Amount	Expected credit loss (%)	Carrying Amount
Assessed for impairment individually	71,004,746.63	6.10	66,025,041.62	92.99	4,979,705.01	70,069,567.65	6.39	60,357,698.47	86.14	9,711,869.18

Assessed for impairment collectively	1,092,985,457.87	93.90	76,213,730.32	6.97	1,016,771,727.55	1,026,676,499.20	93.61	71,543,945.62	6.97	955,132,553.58
Including:										
Accounts receivable of feed and relevant customers	1,051,437,723.73	90.33	75,440,942.46	7.18	975,996,781.27	979,613,796.25	89.32	70,598,524.77	7.21	909,015,271.48
Accounts receivable of materials trade customers	41,547,734.14	3.57	772,787.86	1.86	40,774,946.28	47,062,702.95	4.29	945,420.85	2.01	46,117,282.10
<b>Total</b>	<b>1,163,990,204.50</b>	<b>100.00</b>	<b>142,238,771.94</b>	<b>12.22</b>	<b>1,021,751,432.56</b>	<b>1,096,746,066.85</b>	<b>100.00</b>	<b>131,901,644.09</b>	<b>12.03</b>	<b>964,844,422.76</b>

## Provision for bad and doubtful debts which were recognized individually

As at 31/12/2019				
Name	Book Value	Provision for bad and doubtful debts	Expected credit loss (%)	Reason of provision
Customer A	13,606,809.47	13,606,809.47	100.00	Estimated to be unrecoverable
Customer B	5,540,546.52	5,169,224.53	93.30	Estimated to be recoverable partly
Customer C	4,801,489.19	4,801,489.19	100.00	Estimated to be unrecoverable
Customer D	3,435,545.95	3,435,545.95	100.00	Estimated to be unrecoverable
Customer E	2,480,000.00	2,480,000.00	100.00	Estimated to be unrecoverable
Remaining individual customers	41,140,355.50	36,531,972.48	88.80	Estimated to be recoverable partly
<b>Total</b>	<b>71,004,746.63</b>	<b>66,025,041.62</b>	<b>92.99</b>	—

## Provision for bad and doubtful debts which were recognized collectively:

## Recognized collectively item 1: Accounts receivable of feed and relevant customers

As at 31/12/2019			
	Accounts receivable	Provision for bad and Doubtful debts	Expected credit loss (%)
Within 1 year	938,662,561.80	17,686,116.97	1.88
1 to 2 years	62,934,468.54	18,309,635.19	29.09
2 to 3 years	18,902,541.23	11,670,485.10	61.74
3 to 4 years	11,190,155.79	8,539,000.81	76.31
4 to 5 years	7,136,909.90	6,647,317.88	93.14
More than 5 years	12,611,086.47	12,588,386.51	99.82
<b>Total</b>	<b>1,051,437,723.73</b>	<b>75,440,942.46</b>	<b>7.18</b>

## Recognized collectively item 2: Accounts receivable of material trade customers

As at 31/12/2019			
	Accounts receivable	Provision for bad and Doubtful debts	Expected credit loss (%)



Within 1 year	41,547,734.14	772,787.86	1.86
<b>Total</b>	<b>41,547,734.14</b>	<b>772,787.86</b>	<b>1.86</b>

Provision for bad and doubtful debts as of 31/12/2018:

Category	As at 31/12/2018				Carrying amount
	Amount	Percentage%	Provision for bad and Doubtful debts	Percentage%	
Individually significant and assessed for impairment individually	46,902,225.22	3.81	40,331,971.79	85.99	6,570,253.43
Collectively assessed for impairment					
Including: Aging group	1,026,676,499.20	83.47	71,543,945.62	6.97	955,132,553.58
Accounts receivable in factoring	133,291,200.95	10.84	1,999,368.01	1.50	131,291,832.94
Subtotal	1,159,967,700.15	94.31	73,543,313.63	6.34	1,086,424,386.52
Individually insignificant but assessed for impairment individually	23,167,342.43	1.88	20,025,726.68	86.44	3,141,615.75
<b>Total</b>	<b>1,230,037,267.80</b>	<b>100.00</b>	<b>133,901,012.10</b>	<b>10.89</b>	<b>1,096,136,255.70</b>

(3) Recognitions or recoveries or reversals of provision for bad and doubtful debts in current period

	Amount of provision for bad and doubtful debts
As at 31/12/2018	133,901,012.10
Adjusted amount of the first implementation of new financial instruments standard	-1,999,368.01
As at 31/12/2019	131,901,644.09
Recognitions in current period	29,242,665.32
Recoveries or reversals in current period	3,173,339.91
Write off in current period	15,732,197.56
<b>As at 31/12/2019</b>	<b>142,238,771.94</b>

Recoveries or reversals of important provision for bad and doubtful debts in current period are as follow:

Name of debtor	Reason for reversal	Recoveries approach	Original evidence for recognizing the provision for bad and doubtful debts	Recoveries or reversals amount
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Name of debtor	Reason for reversal	Recoveries approach	Original evidence for recognizing the provision for bad and doubtful debts	Recoveries or reversals amount
Customer F	Receive payment	Receive payment	High possibility of bad and doubtful debts	1,250,064.54
<b>Total</b>	—	—	—	<b>1,250,064.54</b>

(4) Accounts receivable actually written off in current period

Item	Write-off amount
Accounts receivable actually written off	15,732,197.56

Important accounts receivable written off are as follow:

Name of debtor	Nature of accounts receivable	Written-off amount	Reason for write-off	Approval procedures	Arising from related party transactions(Y/N)
Customer G	Payment for goods	7,413,325.81	Company closed	Conclusive evidence for irrecoverability was obtained and internal approval was given	N
<b>Total</b>	—	<b>7,413,325.81</b>	—	—	—

(5) The receivables by debtor with top five closing balance

The total accounts receivable from the top five debtors with the largest closing balance amounted to RMB 109,044,710.56, accounting for 9.37% of the total closing balance of accounts receivable, with the total corresponding closing balance of the provision for bad and doubtful debts being RMB 1,448,729.58.

(6) No accounts receivable was derecognized due to transfer of financial assets in current period.

(7) There were no such cases in current period where the Group had transferred an accounts receivable but continued to be involved in the assets or liabilities associated with that account receivable.

## 6. Prepayments

(1) Prepayments by aging

Aging	As at 31/12/2018		As at 31/12/2018	
	Amount	Percentage%	Amount	Percentage%
Within 1 year	450,795,490.61	99.55	423,040,576.54	99.57
1 and 2 years	1,975,201.31	0.44	1,678,650.89	0.40
2 and 3 years	7,641.39	0.00	39,566.69	0.01

More than 3 years	66,089.88	0.01	91,228.50	0.02
<b>Total</b>	<b>452,844,423.19</b>	<b>100.00</b>	<b>424,850,022.62</b>	<b>100.00</b>

Note: Prepayments over 1 year were mainly unsettled prepayment to supplier. .

(2) The prepayments by debtor with top five closing balance

The total amount of prepayments by debtor with top five closing balance was RMB 134,493,389.36, accounting for 29.70% of the closing balance of total prepayments.

**7. Other receivables**

Item	As at 31/12/2019	As at 31/12/2018
Interests receivable	8,069.14	1,794,497.12
Dividends receivable	-	-
Other receivable	186,228,309.43	500,421,076.13
<b>Total</b>	<b>186,236,378.57</b>	<b>502,215,573.25</b>

(1) Interests receivable

① Interests receivable by category

Item	As at 31/12/2019	As at 31/12/2018
Loan interests receivable	9,399.73	16,584.71
Bank financing product interests receivable	-	8,630.13
Bank deposit interests receivable	-	1,129,419.75
Factoring interests receivable	-	639,862.53
<b>Subtotal</b>	<b>9,399.73</b>	<b>1,794,497.12</b>
Less: Provision for bad and doubtful debts	1,330.59	-
<b>Total</b>	<b>8,069.14</b>	<b>1,794,497.12</b>

② Provision for bad and doubtful debts

	Stage 1	Stage 2	Stage 3	Total
Provision for bad and doubtful debts	12-month expected credit losses	Lifetime Expected credit losses (not occurred credit impairment)	Lifetime Expected credit losses (occurred credit impairment)	
Balance at 31/12/2018	-	-	-	-

Adjusted amount of the first implementation of new financial instruments standard	-	-	-	-
Balance at 1/1/2019	-	-	-	-
In current period				
-Transfer into stage 2	-	-	-	-
-Transfer into stage 3	-	-	-	-
-Reversal back to stage 2	-	-	-	-
-Reversal back to stage 1	-	-	-	-
Accrual in current period	1,330.59	-	-	1,330.59
Reversal in current period	-	-	-	-
Sold off in current period	-	-	-	-
Write-off in current period	-	-	-	-
Other movement	-	-	-	-
Balance at 31/12/2019	1,330.59	-	-	1,330.59

## (2) Dividends receivable

There was no dividends receivable in the Group at the end of current period.

## (3) Other receivable

### ① Other receivable by aging

Aging	As at 31/12/2019
Within 1 year	164,410,366.39
1 to 2 years	17,427,622.50
2 to 3 years	12,151,229.39
3 to 4 years	3,715,808.56
4 to 5 years	6,240,596.78
More than 5 years	45,947,545.07
<b>Subtotal</b>	<b>249,893,168.69</b>
Less: Provision for bad and doubtful debts	63,664,859.26
<b>Total</b>	<b>186,228,309.43</b>

### ② Other receivable by nature

Nature	Book Value as at 31/12/2019	Book value as at 31/12/2018
Petty cash	11,909,053.15	10,547,818.23

Social security advances	5,342,210.26	4,194,568.63
Security deposits	45,887,409.75	24,890,874.23
Accounts with external parties	101,221,352.84	390,943,782.87
Insurance compensation	2,953,508.09	3,812,976.26
Futures margin	62,785,183.41	137,489,684.00
Government subsidies receivable	17,876,735.58	-
Others	1,917,715.61	1,930,550.63
<b>Total</b>	<b>249,893,168.69</b>	<b>573,810,254.85</b>

## ③ Provision for bad and doubtful debts

Provision for bad and doubtful debts	Stage 1	Stage 2	Stage 3	Total
	12-month expected credit losses	Lifetime Expected credit losses (not occurred credit impairment)	Lifetime Expected credit losses (occurred credit impairment)	
Balance at 31/12/2018	21,415,319.53	-	51,973,859.19	73,389,178.72
Adjusted amount of the first implementation of new financial instruments standard	-	-	-	-
Balance at 1/1/2019	21,415,319.53	-	51,973,859.19	73,389,178.72
In current period				
-Transfer into stage 2	-	-	-	-
-Transfer into stage 3	-8,186.63	-	8,186.63	-
-Reversal back to stage 2	-	-	-	-
-Reversal back to stage 1	-	-	-	-
Accrual in current period	-13,201,823.63	-	4,698,695.04	-8,503,128.59
Reversal in current period	-	-	645,526.19	645,526.19
Sold off in current period	-	-	-	-
Write off in current period	543,536.68	-	32,128.00	575,664.68
Other movement	-	-	-	-
Balance at 31/12/2019	7,661,772.59	-	56,003,086.67	63,664,859.26

## Provision for bad and doubtful debts as of 31/12/2018

Category	As at 31/12/2018				
	Amount	Percentage %	Provision for bad and doubtful debts	Percentage %	Carrying amount
Individually significant and assessed for impairment individually	58,320,027.80	10.16	49,796,172.62	85.38	8,523,855.18
Collectively assessed for impairment					
Including: external Groups and not assessed for impairment individually	375,822,856.48	65.50	21,415,319.53	5.70	354,407,536.95
Groups of futures margin	137,489,684.00	23.96	-	-	137,489,684.00
Subtotal	513,312,540.48	89.46	21,415,319.53	4.17	491,897,220.95
Individually insignificant but assessed for impairment individually	2,177,686.57	0.38	2,177,686.57	100.00	-
<b>Total</b>	<b>573,810,254.85</b>	<b>100.00</b>	<b>73,389,178.72</b>	<b>12.79</b>	<b>500,421,076.13</b>

## ④ Recognitions or recoveries or reversals of provision for bad and doubtful debts in current period

Category	As at 1/1/2019	Movement in current period			As at 31/12/2019
		Recognitions	Recoveries or reversals	Write off	
Other receivables	73,389,178.72	-8,503,128.59	645,526.19	575,664.68	63,664,859.26
<b>Total</b>	<b>73,389,178.72</b>	<b>-8,503,128.59</b>	<b>645,526.19</b>	<b>575,664.68</b>	<b>63,664,859.26</b>

There were no important recoveries or reversals of provision for bad and doubtful debts in current period.

## ⑤ Other receivables actually write-off

Item	Write-off amount
Other receivables actually write-off	575,664.68

There were no important written-off of other receivables in current period.

## ⑥ Other receivables with top five ending balance

Name of debtor	Payment nature	Book balance	Aging	Percentage of other receivables ending balance (%)	Provision for bad and doubtful debts
Customer H	Accounts with external party	50,163,343.35	1-5 years and above	20.07	45,888,283.87
Customer I	Futures margin	15,630,524.91	Within 1 year	6.25	-
Customer J	Futures margin	14,783,659.10	Within 1 year	5.92	-
Customer K	Futures margin	9,962,737.50	Within 1 year	3.99	-
Customer L	Futures margin	9,300,642.00	Within 1 year	3.72	-
<b>Total</b>	—	<b>99,840,906.86</b>	—	<b>39.95</b>	<b>45,888,283.87</b>

⑦ There were no other receivables associated with government subsidies as of the period-end.

⑧ No other receivables were derecognized due to transfer of financial assets in current period.

⑨ There were no such cases in current period where the Group had transferred the other receivables but continued to be involved in the assets or liabilities associated with that other receivables.

## 8. Inventories

### (1) Inventories by category

Item	As at 31/12/2019			As at 31/12/2018		
	Book value	Provision for impairment of inventories	Carrying amount	Book value	Provision for impairment of inventories	Carrying amount
Raw material	2,898,684,615.14	1,592,107.63	2,897,092,507.51	3,353,061,829.98	-	3,353,061,829.98
Work in progress	13,212,861.21	-	13,212,861.21	7,947,441.99	-	7,947,441.99
Finished goods	881,362,770.84	6,752,483.94	874,610,286.90	1,162,208,168.16	754,254.68	1,161,453,913.48
Consumable biological assets	682,176,887.52	3,773,507.71	678,403,379.81	321,316,946.72	-	321,316,946.72
<b>Total</b>	<b>4,475,437,134.71</b>	<b>12,118,099.28</b>	<b>4,463,319,035.43</b>	<b>4,844,534,386.85</b>	<b>754,254.68</b>	<b>4,843,780,132.17</b>

### (2) Provision for impairment of inventories

Item	As at 1/1/2019	Additions during the year		Written back during the year		As at 31/12/2019
		Provision	Others	Reversals or write-off	Others	
Raw material	-	1,592,107.63	-	-	-	1,592,107.63
Finished goods	754,254.68	6,720,377.89	-	722,148.63	-	6,752,483.94
Consumable biological assets	-	3,773,507.71	-	-	-	3,773,507.71
<b>Total</b>	<b>754,254.68</b>	<b>12,085,993.23</b>	<b>-</b>	<b>722,148.63</b>	<b>-</b>	<b>12,118,099.28</b>

Provision for impairment of inventories (continued)

Item	Evidence of net realizable value/remaining consideration and upcoming cost	Reasons for reversals or write-off of provision for impairment of inventories/provision for impairment of contract performance cost in the year
Raw material	Net realizable value lower than cost	—
Finished goods	Net realizable value lower than cost	Goods have been sold
Consumable biological assets	Net realizable value lower than cost	—

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

#### 9. Assets and liabilities held for sale

Item	As at 31/12/2019			As at 31/12/2019		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
<b>Non-current assets held for sale</b>	<b>33,327,600.41</b>	<b>4,380,811.42</b>	<b>28,946,788.99</b>	-	-	-
Including: Intangible asset	23,951,257.04	3,148,319.68	20,802,937.36	-	-	-
Construction in progress	9,376,343.37	1,232,491.74	8,143,851.63	-	-	-
<b>Total</b>	<b>33,327,600.41</b>	<b>4,380,811.42</b>	<b>28,946,788.99</b>	<b>-</b>	<b>-</b>	<b>-</b>

Note: In November 2019, the Group's management resolved to sell the land use right and construction in progress to the third party due to the business adjustment. The land use right and construction in progress above proposed for sale are presented as non-current assets held for sale in the financial statements.

The Group recognized the impairment loss of RMB 4,380,811.42 to write down the carrying amount of non-current assets held for sale to its fair value less costs to sell.



## (1) Provision for impairment of assets held for sale

Item	As at 1/1/2019	Additions during the year	Written back during the year		As at 31/12/2019
			Reversals	Sales	
<b>Non-current assets held for sale</b>	-	4,380,811.42	-	-	4,380,811.42
Including: Intangible asset	-	3,148,319.68	-	-	3,148,319.68
Construction in progress	-	1,232,491.74	-	-	1,232,491.74
<b>Total</b>	-	<b>4,380,811.42</b>	-	-	<b>4,380,811.42</b>

## (2) Non-current assets held for sale

Assets held for sale as at 31/12/2019:

Item	Carrying amount as at 31/12/2019	Fair value as at 31/12/2019	Estimated costs to sell	Timetable
Intangible asset	20,802,937.36	22,997,161.99	2,194,224.63	2020
Construction in progress	8,143,851.63	9,002,838.01	858,986.38	2020
<b>Total</b>	<b>28,946,788.99</b>	<b>32,000,000.00</b>	<b>3,053,211.01</b>	—

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

Item	As at 31/12/2019	As at 31/12/2018
Long-term receivable due within one year	903,000.00	903,000.00
<b>Total</b>	<b>903,000.00</b>	<b>903,000.00</b>

## 11. Other current assets

Item	As at 31/12/2019	As at 31/12/2018
Rental expense	51,996,952.23	15,926,558.27
Insurance expense	3,055,795.56	2,081,319.14
Miscellaneous prepaid expense	12,264,104.51	5,888,370.47
Input VAT to be deducted and approved	95,597,765.09	114,057,676.06
Overpaid taxes and charges	14,045,826.90	46,563,412.66
Loans and advances to customers	481,129,986.87	7,948,950.00
Factoring receivables	31,526,605.54	-
Wealth management products	-	430,000,000.00
Factoring fees	-	3,794,989.52
Others	2,279,989.82	2,489,934.47

Item	As at 31/12/2019	As at 31/12/2018
<b>Total</b>	<b>691,897,026.52</b>	<b>628,751,210.59</b>

## (1) Loans and advances to customers due within one year

## ① Category by method of guarantee

Item	As at 31/12/2019	As at 31/12/2018
Secured loans	487,225,743.79	8,070,000.00
Add: Interests receivable	1,295,414.27	-
<b>Subtotal</b>	<b>488,521,158.06</b>	<b>8,070,000.00</b>
Less: Provision for impairment	7,391,171.19	121,050.00
<b>Total</b>	<b>481,129,986.87</b>	<b>7,948,950.00</b>

## ② Category by overdue

Item	As at 31/12/2019	As at 31/12/2018
Not overdue	486,862,626.67	8,070,000.00
1-90 days overdue	304,128.78	-
91-180 days overdue	58,988.34	-
Add: Interests receivable	1,295,414.27	-
<b>Subtotal</b>	<b>488,521,158.06</b>	<b>8,070,000.00</b>
Less: Provision for impairment	7,391,171.19	121,050.00
<b>Total</b>	<b>481,129,986.87</b>	<b>7,948,950.00</b>

## (2) Factoring receivables by overdue

Item	As at 31/12/2019	As at 31/12/2018
Not overdue	32,000,000.00	-
Add: Interests receivable	15,111.17	-
<b>Subtotal</b>	<b>32,015,111.17</b>	-
Less: Provision for impairment	488,505.63	-
<b>Total</b>	<b>31,526,605.54</b>	-

## 12. Loans and advances to customers

## (1) Loans and advances to customers by method of guarantee

Item	As at 31/12/2019			As at 31/12/2018		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount

Secured loans	502,695,709.61	7,589,155.94	495,106,553.67	8,230,000.00	123,450.00	8,106,550.00
Add: Interests receivable	1,325,299.61	20,611.06	1,304,688.55	—	—	—
<b>Subtotal</b>	<b>504,021,009.22</b>	<b>7,609,767.00</b>	<b>496,411,242.22</b>	<b>8,230,000.00</b>	<b>123,450.00</b>	<b>8,106,550.00</b>
Less: Due within one year	488,521,158.06	7,391,171.19	481,129,986.87	8,070,000.00	121,050.00	7,948,950.00
<b>Total</b>	<b>15,499,851.16</b>	<b>218,595.81</b>	<b>15,281,255.35</b>	<b>160,000.00</b>	<b>2,400.00</b>	<b>157,600.00</b>

## (2) Loans and advances to customers by overdue

Item	As at 31/12/2019			As at 31/12/2018		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Not overdue	502,332,592.49	7,579,700.38	494,752,892.11	8,230,000.00	123,450.00	8,106,550.00
1-90 days overdue	304,128.78	7,276.46	296,852.32	-	-	-
91-180 days overdue	58,988.34	2,179.10	56,809.24	-	-	-
Add: Interests receivable	1,325,299.61	20,611.06	1,304,688.55	—	—	—
<b>Subtotal</b>	<b>504,021,009.22</b>	<b>7,609,767.00</b>	<b>496,411,242.22</b>	<b>8,230,000.00</b>	<b>123,450.00</b>	<b>8,106,550.00</b>
Less: Due within one year	488,521,158.06	7,391,171.19	481,129,986.87	8,070,000.00	121,050.00	7,948,950.00
<b>Total</b>	<b>15,499,851.16</b>	<b>218,595.81</b>	<b>15,281,255.35</b>	<b>160,000.00</b>	<b>2,400.00</b>	<b>157,600.00</b>

## (3) Provision for impairment of loans

Provision for impairment of loans	Stage 1	Stage 2	Stage 3	Total
	12-month expected credit losses	Lifetime Expected credit losses (not occurred credit impairment)	Lifetime Expected credit losses (occurred credit impairment)	
Balance at 31/12/2018	123,450.00	-	-	123,450.00
Adjusted amount of the first implementation of new financial instruments standard	-	-	-	-
Balance at 1/1/2019	123,450.00	-	-	123,450.00

Provision for impairment of loans	Stage 1	Stage 2	Stage 3	Total
	12-month expected credit losses	Lifetime Expected credit losses (not occurred credit impairment)	Lifetime Expected credit losses (occurred credit impairment)	
In current period	-	-	-	-
-Transfer into stage 2	-	-	-	-
-Transfer into stage 3	-	-	-	-
-Reversal back to stage 2	-	-	-	-
-Reversal back to stage 1	-	-	-	-
Accrual in current period	7,421,511.61	55,112.82	9,692.57	7,486,317.00
Reversal in current period	-	-	-	-
Sold off in current period	-	-	-	-
Write off in current period	-	-	-	-
Due within one year and reclassify into other current assets or interests receivable	7,326,365.80	55,112.82	9,692.57	7,391,171.19
Balance at 31/12/2019	218,595.81	-	-	218,595.81

### 13. Available-for-sale financial asset

Item	As at 31/12/2019			As at 31/12/2018		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Available-for-sale equity instruments	—	—	—	337,976,300.00	14,554,950.00	323,421,350.00
Including:						
Measured at fair value	—	—	—	-	-	-
Measured at cost	—	—	—	337,976,300.00	14,554,950.00	323,421,350.00
<b>Total</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>337,976,300.00</b>	<b>14,554,950.00</b>	<b>323,421,350.00</b>

#### 14. Long-term receivables

##### (1) Long-term receivables by nature

Item	As at 31/12/2019.			As at 31/12/2018			Discounted rate scope
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount	
Security deposits	47,382,350.48	-	47,382,350.48	15,268,129.52	-	15,268,129.52	
Amounts receivable by installments for subcontracting	2,709,000.00	-	2,709,000.00	3,612,000.00	-	3,612,000.00	3.43%~5.75%
Less: Unrealized financing income	343,499.85	-	343,499.85	458,000.00	-	458,000.00	
<b>Subtotal</b>	<b>49,747,850.63</b>	<b>-</b>	<b>49,747,850.63</b>	<b>18,422,129.52</b>	<b>-</b>	<b>18,422,129.52</b>	
Less: Long-term receivables due within one year	903,000.00	-	903,000.00	903,000.00	-	903,000.00	
<b>Total</b>	<b>48,844,850.63</b>	<b>-</b>	<b>48,844,850.63</b>	<b>17,519,129.52</b>	<b>-</b>	<b>17,519,129.52</b>	

Note: The closing long-term receivables primarily consisted of amounts receivable by installments for subcontracting, as well as security deposits for land rental and consumption of electricity.

- (2) There were no long-term receivables overdue in the Group.
- (3) There were no long-term receivables derecognized in the Group in current period.
- (4) There were no such cases in current period where the Group had transferred a long-term receivable but continued to be involved in the assets or liabilities associated with that long-term receivable.

**15. Long-term equity investments**

Investee	Balance as at 1/1/2019	Increase in capital	Decrease in capital	Movements during the year						Balance as at 31/12/2019	Balance of provision for impairment as at 31/12/2019
				Investment income recognized by equity method	Other comprehend-sive income	Other equity movements	Declared distribution of cash dividends or profits	Provision- for impairment	Other		
① Associates											
Foshan Haihang Xingfa Agriculture and Animal Husbandry Development Co., Ltd.	5,995,685.63	-	-	4,485,606.50	-	-	-	-	-	10,481,292.13	-
Guizhou Fuhai Chemicals Co, Ltd.	19,363,049.36	-	-	9,866,121.66	-	-	-4,500,000.00	-	-	24,729,171.02	-
Qingdao Nongken Beidahuang Trade Development Co., Ltd.	13,255,800.86	-	-	-528,371.93	-	-	-	-	-	12,727,428.93	-
Bangbu Zhongye Technology Co., Ltd.	-	2,000,000.00	-	-875,396.23	-	-	-	-	5,000,000.00	6,124,603.77	-

Investee	Balance as at 1/1/2019	Increase in capital	Movements during the year							Balance as at 31/12/2019	Balance of provision for impairment as at 31/12/2019
			Decrease in capital	Investment income recognized by equity method	Other comprehend-sive income	Other equity movements	Declared distribution of cash dividends or profits	Provision- for impairment	Other		
Vietnam Haid Yingtaogu Co., Ltd.	-	8,371,440.00	-	178,573.86	-	-	-	-	2,181.64	8,552,195.50	-
<b>Total</b>	<b>38,614,535.85</b>	<b>10,371,440.00</b>	<b>-</b>	<b>13,126,533.86</b>	<b>-</b>	<b>-</b>	<b>4,500,000.00</b>	<b>-</b>	<b>5,002,181.64</b>	<b>62,614,691.35</b>	<b>-</b>

Note:

(1) All the investees above are all associated companies.

(2) The Group's shares to Bangpu Zhongye increased to 20% due to the withdrawal of some shareholders in May 2019, which led to the criteria of significant influence, thus the Group transferred Bangpu Zhongye into long-term equity investments accounting treatment by equity method.

(3) During the reporting period, none of the long-term equity investments' recoverable amount was lower than the carrying value, thus no provision for impairment of long-term equity investments was recognized.

**16. Other non-current financial assets**

Category	As at 2019.12.31	As at 2018.12.31
Equity instrument investments	255,521,350.00	—
<b>Total</b>	<b>255,521,350.00</b>	—

**17. Investment properties**

## (1) Investment properties measured at cost

Item	Buildings	Land use rights	Total
I. Total original book value			
1. As at 31/12/2018	52,036,748.96	-	52,036,748.96
2. Additions during the year	187,511.34	3,753,132.26	3,940,643.60
(1) Purchases	-	3,753,132.26	3,753,132.26
(2) Transfers from fixed assets	187,511.34	-	187,511.34
3. Decrease during the year	20,725,201.73	-	20,725,201.73
(1) Disposals	-	-	-
(2) Transfers into fixed assets	20,725,201.73	-	20,725,201.73
4. As at 31/12/2019	31,499,058.57	3,753,132.26	35,252,190.83
II. Total accumulated depreciation or amortization			
1. As at 31/12/2018	5,639,592.32	-	5,639,592.32
2. Additions during the year	4,638,743.61	-	4,638,743.61
(1) Depreciation or amortization	3,983,825.25	-	3,983,825.25
(2) Transfers from fixed assets or other non-current assets	654,918.36	-	654,918.36
3. Decrease during the year	5,671,647.81	-	5,671,647.81
(1) Disposals	-	-	-
(2) Transfers into fixed assets	5,671,647.81	-	5,671,647.81
4. As at 31/12/2019	4,606,688.12	-	4,606,688.12
III. Provision for impairment			
1. As at 31/12/2018	-	-	-
2. Additions during the year	-	-	-
3. Decrease during the year	-	-	-
4. As at 31/12/2019	-	-	-
IV. Carrying amount			
1. As at 31/12/2018	26,892,370.45	3,753,132.26	30,645,502.71



Item	Buildings	Land use rights	Total
2. As at 31/12/2019	46,397,156.64	-	46,397,156.64

(2) There was no investment property measured at fair value during the reporting period.

(3) Investment properties without ownership certificates

Item	Carrying amount	Reason for pending
Buildings	2,873,244.83	In progress

**18. Fixed assets**

Item	As at 31/12/2019	As at 31/12/2018
Fixed assets	6,291,692,310.64	4,549,514,866.42
Fixed assets pending for disposal	6,636,031.77	5,965,967.35
<b>Total</b>	<b>6,298,328,342.41</b>	<b>4,555,480,833.77</b>

## (1) Fixed assets

## ①Details of fixed assets

Item	House and building	Machinery equipment	Transportation equipment	Electronic equipment	Others	Total
I. Original book value:						
1. As at 31/12/2018	3,219,741,315.72	3,092,556,011.28	198,447,691.07	228,130,423.76	125,859,554.83	6,864,734,996.66
2. Additions during the year	989,073,658.14	1,126,194,096.82	58,859,341.34	59,410,251.81	54,330,762.32	2,287,868,110.43
(1) Purchases	54,439,245.91	84,609,490.44	46,405,097.95	39,361,635.53	39,553,346.47	264,368,816.30
(2) Transfers from construction in progress	883,427,465.68	1,016,471,174.72	10,724,080.49	28,811,719.66	28,148,318.55	1,967,582,759.10
(3) Reclassifications of assets	11,857,830.92	14,708,055.41	1,491,606.49	-9,374,321.85	-18,683,170.97	-
(4) Transfers from other long-term assets	20,725,201.73	1,399,993.16	3,968.69	409,824.74	5,123,320.89	27,662,309.21
(5) Leasing fixed assets	18,623,913.90	9,005,383.09	234,587.72	201,393.73	188,947.38	28,254,225.82
3. Decrease during the year	8,622,461.30	53,216,676.18	14,646,433.27	6,518,585.02	3,751,394.49	86,755,550.26
(1) Disposals or written-offs	8,155,560.71	53,216,676.18	14,524,391.64	6,516,006.02	3,751,394.49	86,164,029.04
(2) Transfers out when selling subsidiaries	279,389.25	-	122,041.63	2,579.00	-	404,009.88

Item	House and building	Machinery equipment	Transportation equipment	Electronic equipment	Others	Total
(3) Transfers into investment properties	187,511.34	-	-	-	-	187,511.34
4. As at 31/12/2019	4,200,192,512.56	4,165,533,431.92	242,660,599.14	281,022,090.55	176,438,922.66	9,065,847,556.83
<b>II. Accumulated depreciation:</b>						
1. As at 31/12/2018	743,924,717.57	1,241,880,718.31	113,176,083.82	137,902,115.57	77,354,243.79	2,314,237,879.06
2. Additions during the year	130,818,328.53	300,522,133.43	28,932,012.57	41,120,375.14	17,500,200.69	518,893,050.36
(1) Provision	124,269,442.46	297,118,159.26	30,474,881.99	41,121,163.32	18,564,931.32	511,548,578.35
(2) Transfers from other long-term assets	5,671,647.81	-	-	-	1,672,824.20	7,344,472.01
(3) Reclassifications of assets	877,238.26	3,403,974.17	-1,542,869.42	-788.18	-2,737,554.83	-
3. Decrease during the year	5,647,253.00	35,018,003.37	10,254,027.66	5,446,843.95	3,591,806.43	59,957,934.41
(1) Disposals or written-offs	4,977,873.54	35,018,003.37	10,207,651.74	5,446,843.95	3,591,806.43	59,242,179.03
(2) Transfers out when selling subsidiaries	654,918.36	-	-	-	-	654,918.36
(3) Transfers into investment properties	14,461.10	-	46,375.92	-	-	60,837.02
4. As at 31/12/2019	869,095,793.10	1,507,384,848.37	131,854,068.73	173,575,646.76	91,262,638.05	2,773,172,995.01
<b>III. Provision for impairment:</b>						
1. As at 31/12/2018	690,337.11	291,914.07	-	-	-	982,251.18
2. Additions during the year	-	-	-	-	-	-
(1) Provision	-	-	-	-	-	-
3. Decrease during the year	-	-	-	-	-	-
(1) Disposals or written-offs	-	-	-	-	-	-
4. As at 31/12/2019	690,337.11	291,914.07	-	-	-	982,251.18

Item	House and building	Machinery equipment	Transportation equipment	Electronic equipment	Others	Total
IV. Carrying amount:						
1. As at 31/12/2019	3,330,406,382.35	2,657,856,669.48	110,806,530.41	107,446,443.79	85,176,284.61	6,291,692,310.64
2. As at 31/12/2018	2,475,126,261.04	1,850,383,378.90	85,271,607.25	90,228,308.19	48,505,311.04	4,549,514,866.42

## ② Temporarily idle fixed assets

Item	Cost	Accumulated depreciation	Provision for impairment	Carrying amount	Note
House and building	-	-	-	-	
Machinery equipment	17,538,574.52	7,711,397.02	291,914.07	9,535,263.43	
Transportation equipment	326,856.00	251,800.99	-	75,055.01	
Electronic equipment	1,141,879.76	883,065.66	-	258,814.10	
Other	77,750.00	43,987.57	-	33,762.43	
<b>Total</b>	<b>19,085,060.28</b>	<b>8,890,251.24</b>	<b>291,914.07</b>	<b>9,902,894.97</b>	

## ③ Fixed assets acquired under finance leases

Item	Cost	Accumulated depreciation	Provision for impairment	Carrying amount
House and building	18,623,913.90	89,794.68	-	18,534,119.22
Machinery equipment	9,005,383.09	90,010.34	-	8,915,372.75
Transportation equipment	234,587.72	4,787.48	-	229,800.24
Electronic equipment	3,951,051.85	1,630,464.75	-	2,320,587.10
Other	188,947.38	3,855.79	-	185,091.59
<b>Total</b>	<b>32,003,883.94</b>	<b>1,818,913.04</b>	<b>-</b>	<b>30,184,970.90</b>

④ There were no fixed assets leased out under operating leases in current period.

## ⑤ Fixed assets without ownership certificates

Item	Carrying amount	Reason why certificates of ownership are pending
House and building	413,061,805.89	No ownership certificates for rented buildings on collective and state-owned land
House and building	670,750,995.09	In progress

## (2) Fixed assets pending for disposal

Item	As at 31/12/2019	As at 31/12/2018	Reasons for disposals
House and building	5,965,842.35	5,965,967.35	They have already been scrapped
Machinery equipment	666,282.21	-	They have already been scrapped
Transportation equipment	3,518.26	-	They have already been scrapped
Electronic equipment	388.95	-	They have already been scrapped
<b>Total</b>	<b>6,636,031.77</b>	<b>5,965,967.35</b>	

**19. Construction in progress**

<b>Item</b>	<b>As at 31/12/2019</b>	<b>As at 31/12/2018</b>
Construction in progress	657,751,195.76	724,011,706.23
Construction materials	-	-
<b>Total</b>	<b>657,751,195.76</b>	<b>724,011,706.23</b>

## (1) Construction in progress

## ① Construction in progress

Project	As at 31/12/2019			As at 31/12/2018		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Supporting construction for animal health projects	45,604,630.63	-	45,604,630.63	66,734,269.79	-	66,734,269.79
Supporting construction for feed projects	455,083,690.75	-	455,083,690.75	398,983,721.05	-	398,983,721.05
Supporting construction for farming projects	132,598,897.60	-	132,598,897.60	236,412,637.72	-	236,412,637.72
Supporting construction for other projects	24,463,976.78	-	24,463,976.78	21,881,077.67	-	21,881,077.67
<b>Total</b>	<b>657,751,195.76</b>	<b>-</b>	<b>657,751,195.76</b>	<b>724,011,706.23</b>	<b>-</b>	<b>724,011,706.23</b>

## ② Movements of major construction in progress

Project	As at 31/12/2018	Additions	Transfers to fixed assets	Transfers to intangible assets	Transfers to other long-term assets	Other decreases	Accumulated capitalized interest	Including: interest capitalized in 2019	Interest rate for capitalization in 2019 (%)	As at 31/12/2019
Supporting construction for animal health projects	66,734,269.79	61,379,811.25	82,509,450.41	-	-	-	-	-	-	45,604,630.63
Supporting construction for feed projects	389,793,397.50	1,331,257,933.50	1,252,061,657.45	24,706,961.49	1,265,148.35	9,376,343.37	-	-	-	433,641,220.34
Supporting construction for farming projects	234,061,419.92	393,705,371.23	514,825,865.66	-	100,000.00	3,528,347.02	-	-	-	109,312,578.47

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Supporting construction for other projects	17,989,781.29	52,987,969.06	15,035,407.93	36,558,073.44	-	-	-	-	-	19,384,268.98
<b>Total</b>	<b>708,578,868.50</b>	<b>1,839,331,085.04</b>	<b>1,864,432,381.45</b>	<b>61,265,034.93</b>	<b>1,365,148.35</b>	<b>12,904,690.39</b>	-	-	-	<b>607,942,698.42</b>

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Note:

- ① There was no capitalized interest expense or foreign exchange losses on construction in progress in 2019.
- ② The other decrease of major construction in progress in current period was mainly transferring into the assets held for sale.
- ③ There was no provision for impairment of construction in progress in the current period.

## 20. Productive biological assets

### (1) Measured by cost

Item	Animal husbandry-mature	Aquaculture-mature	Animal husbandry-immature	Aquaculture-immature	Total
I. Original book value					
1. As at 31/12/2018	49,265,181.31	7,072,169.10	12,048,502.81	3,591,664.88	71,977,518.10
2. Additions during the year	71,335,168.60	22,563,992.03	167,078,080.35	21,158,178.55	282,135,419.53
(1) Purchase	836,907.61	3,880,274.36	79,982,894.58	6,078,925.77	90,779,002.32
(2) Brought forward from cost and expense	-	-	50,498,677.32	9,962,191.47	60,460,868.79
(3) Self-cultivated	70,498,260.99	18,683,717.67	36,596,508.45	5,117,061.31	130,895,548.42
3. Decrease during the year	35,241,785.25	24,988,345.31	94,817,380.44	19,621,736.89	174,669,247.89
(1) Sale	-	2,918,250.80	2,528,896.68	587,022.22	6,034,169.70
(2) Dead or scrapped	35,241,785.25	21,954,198.67	21,594,772.03	130,506.63	78,921,262.58
(3) Transfers	-	-	70,498,260.99	18,683,717.67	89,181,978.66

Item	Animal husbandry-mature	Aquaculture-mature	Animal husbandry-immature	Aquaculture-immature	Total
into mature category					
(4) Transfers into consumable biological assets	-	-	37,492.70	208,648.15	246,140.85
(5) To research and development	-	115,895.84	-	11,842.22	127,738.06
(6) Other decrease	-	-	157,958.04	-	157,958.04
4. As at 31/12/2019	85,358,564.66	4,647,815.82	84,309,202.72	5,128,106.54	179,443,689.74
<b>II</b>					
Accumulated depreciation					
1. As at 31/12/2018	12,486,187.46	2,662,823.33	-	-	15,149,010.79
2. Additions during the year	13,598,266.14	21,031,654.40	-	-	34,629,920.54
(1) Provision	13,598,266.14	21,031,654.40	-	-	34,629,920.54
(2) Other increase	-	-	-	-	-
3. Decrease during the year	14,031,580.78	21,575,748.09	-	-	35,607,328.87
(1) Sale	-	1,547,615.72	-	-	1,547,615.72
(2) Dead or scrapped	14,031,580.78	19,986,719.98	-	-	34,018,300.76
(5) To research and development	-	41,412.39	-	-	41,412.39
4. As at	12,052,872.82	2,118,729.64	-	-	14,171,602.46

Item	Animal husbandry-mature	Aquaculture-mature	Animal husbandry-immature	Aquaculture-immature	Total
31/12/2019					
III Provision for impairment					
1. As at 31/12/2018	-	-	-	-	-
2. Additions during the year	-	-	-	-	-
(1) Provision	-	-	-	-	-
(2) Other increase	-	-	-	-	-
3. Decrease during the year	-	-	-	-	-
(1) Disposals	-	-	-	-	-
(2) Other	-	-	-	-	-
4. As at 31/12/2019	-	-	-	-	-
IV Carrying amount					
As at 31/12/2019	73,305,691.84	2,529,086.18	84,309,202.72	5,128,106.54	165,272,087.28
As at 31/12/2018	36,778,993.85	4,409,345.77	12,048,502.81	3,591,664.88	56,828,507.31

(2) There were no productive biological assets measured at fair value in current period.

**21. Intangible assets**

## (1) Intangible assets

Item	Land use rights	Patented technologies	Software use rights and trademark rights	Non-patented technologies	Other including marketing network	Total
I. Original book value						
1. As at 31/12/2018	713,267,904.83	32,853,025.49	193,237,243.23	177,897,459.35	64,071,447.75	1,181,327,080.65
2. Additions during the year	256,427,312.95	-	39,052,994.16	-	-	295,480,307.11
(1) Purchase	207,585,473.69	-	820,241.48	-	-	208,405,715.17
(2) Additions due to business combinations	17,970,576.61	-	-	-	-	17,970,576.61
(3) Transfers from constructions in progress	23,232,361.49	-	38,232,752.68	-	-	61,465,114.17
(4) Transfers from other long-term assets	7,638,901.16	-	-	-	-	7,638,901.16
3. Decrease during the year	43,872,020.01	7,500.00	568,538.46	-	-	44,448,058.47
(1) Disposals	1,330,000.00	7,500.00	568,538.46	-	-	1,906,038.46
(2) Transfers into held-for-sale	25,080,000.00	-	-	-	-	25,080,000.00
(3) Transfers out when selling subsidiaries	17,462,020.01	-	-	-	-	17,462,020.01
4. As at 31/12/2019	925,823,197.77	32,845,525.49	231,721,698.93	177,897,459.35	64,071,447.75	1,432,359,329.29
II. Accumulated depreciation						
1. As at 31/12/2018	84,799,713.86	7,489,901.88	53,215,802.13	86,794,219.01	8,281,675.02	240,581,311.90

Item	Land use rights	Patented technologies	Software use rights and trademark rights	Non-patented technologies	Other including marketing network	Total
2. Additions during the year	19,369,285.83	2,433,952.30	21,713,110.77	12,430,165.10	6,259,738.98	62,206,252.98
(1) Provision	18,185,313.11	2,433,952.30	21,713,110.77	12,430,165.10	6,259,738.98	61,022,280.26
(2) Additions due to business combinations	452,333.33	-	-	-	-	452,333.33
(3) Other	731,639.39	-	-	-	-	731,639.39
3. Decrease during the year	4,551,890.52	-	66,329.48	-	-	4,618,220.00
(1) Disposals	275,487.03	-	66,329.48	-	-	341,816.51
(2) Transfers into held-for-sale	1,128,742.96	-	-	-	-	1,128,742.96
(3) Transfers out when selling subsidiaries	3,147,660.53	-	-	-	-	3,147,660.53
4. As at 31/12/2019	99,617,109.17	9,923,854.18	74,862,583.42	99,224,384.11	14,541,414.00	298,169,344.88
<b>III. Provision for impairment</b>						
1. As at 31/12/2018	-	-	-	11,979,620.36	-	11,979,620.36
2. Additions during the year	-	-	-	-	-	-
(1) Provision	-	-	-	-	-	-
3. Decrease during the year	-	-	-	-	-	-
(1) Disposals	-	-	-	-	-	-
4. As at 31/12/2019	-	-	-	11,979,620.36	-	11,979,620.36
<b>IV. Carrying amount</b>						
1. As at 31/12/2019	826,206,088.60	22,921,671.31	156,859,115.51	66,693,454.88	49,530,033.75	1,122,210,364.05
2. As at 31/12/2018	628,468,190.97	25,363,123.61	140,021,441.10	79,123,619.98	55,789,772.73	928,766,148.39

Note: The carrying amount of intangible assets arising from internal research and development is 9.34% of the total carrying amount of intangible assets at the period end.

## (2) Land use rights without ownership certificates

Item	Carrying amount	Reason why certificates of ownership are pending
Land use rights	16,119,630.86	In progress

**22. Development expenses**

Project	As at 31/12/2018	Additions during the year		Decrease during the year		As at 31/12/2019
		Internal development	Others	Recognized as intangible assets	Recognized in pr ofit or loss	
Development of animal healthcare products and healthy cultivation models	2,776,367.58	108,113,810.90	-	-	99,960,386.08	10,929,792.40
Development of domestic animal selected farming technology	-	35,871,371.90	-	-	31,886,744.74	3,984,627.16
Development and application of feed formulation technology	-	159,588,192.34	-	-	159,588,192.34	-
Development and application of feed additives	-	61,053,053.74	-	-	61,053,053.74	-
Development of comprehensive platform	-	63,521,582.82	-	-	63,521,582.82	-
<b>Total</b>	<b>2,776,367.58</b>	<b>428,148,011.70</b>	<b>-</b>	<b>-</b>	<b>416,009,959.72</b>	<b>14,914,419.56</b>

**23. Goodwill**

## (1) Book value of goodwill

Name of investee	As at 21/31/2018	Additions during the year	Decrease during the year	As at 21/31/2019
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		Business combination	Effect of translation of foreign currency statement	Disposals	
Guangzhou Runchuan	50,000.00	-	-	-	50,000.00
Taizhou Haid	578,247.88	-	-	-	578,247.88
Guangzhou Haihe	76,663.70	-	-	-	76,663.70
Dongguan Haid	2,831,241.61	-	-	-	2,831,241.61
Sanshuifanling	4,841,934.68	-	-	-	4,841,934.68
Dalian Haid	32,178.11	-	-	-	32,178.11
Qingyuan Bairong	1,218,130.86	-	-	-	1,218,130.86
Zhanjiang Hiseno	4,100,845.79	-	-	-	4,100,845.79
Panasia Trading	43,121,414.50	-	709,977.83	-	43,831,392.33
Hisenor Vietnam	5,559,509.35	-	91,535.23	-	5,651,044.58
Kaifeng Haid	8,838,854.56	-	-	-	8,838,854.56
Guangzhou Heshengtang Pharmaceutical	127,116.22	-	-	-	127,116.22
Haid Livestock Veterinary Research Institute	5,809,578.76	-	-	-	5,809,578.76
Hunan Innovation	19,210,769.76	-	-	-	19,210,769.76
Sichuan Hailinger	76,410,471.64	-	-	-	76,410,471.64
Jiaxing Haid	8,312,415.28	-	-	-	8,312,415.28
Rongcheng Yandunjiao	33,087.10	-	-	-	33,087.10
Shandong Daxin	115,902,036.20	-	-	-	115,902,036.20
Hunan Jinhuilong	2,400,475.64	-	-	-	2,400,475.64
Feicheng	57,092,523.20	-	-	-	57,092,523.20
Heruifeng	30,507,361.78	-	-	-	30,507,361.78
Jianong Lianyungang	587,209.55	-	-	-	587,209.55
Xinjiang Ruiliheng	1,411,040.63	-	-	-	1,411,040.63
Kembang Subur International	343,028.78	-	5,647.83	-	348,676.61
Gaotang Huayu	-	1,455,358.51	-	-	1,455,358.51
<b>Total</b>	<b>389,396,135.58</b>	<b>1,455,358.51</b>	<b>807,160.89</b>	<b>-</b>	<b>391,658,654.98</b>

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 10% shares in Guangzhou Runchuan at a cost of RMB 50,000.00 in September 2006, while the Company's shares of the fair value of Guangzhou Runchuan's identifiable net assets were RMB -29,095.34. Because the Company had borne all the loss of this subsidiary when it acquired 90% shares in Guangzhou Runchuan under common control in May 2004, 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 25% shares in Taizhou Haid in September 2006, 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 10% non-controlling shares in Guangzhou Haihe on March 31, 2007, 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 68% shares in Dongguan Haid from a non-related party on May 20, 2007, 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 100% shares in Sanshuifanling from a non-related party in April 2010, 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 60% shares in Sanshuifanling from a non-related party in May 2010, 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 70% shares in Qingyuan Bairong from a non-related party in January 2010, 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 70% shares in Zhanjiang Hisenor (49% from the Company and 21% from non-controlling interests) in January 2010, the amount by which Guangzhou Haid's investment cost of RMB 1,370,000.00 exceeded its share of the acquiree's owners' equity was recorded in goodwill.

The goodwill of RMB 43,831,392.33 on Panasia Trading: When the Company's subsidiary Haid International acquired a stake in Panasia Trading in February 2012, the amount by which Haid International's investment cost of USD15.80 million exceeded its share of the acquiree's owners' equity was recorded in goodwill, with the effects of the translation of the investee's foreign-currency-denominated financial statements caused by exchange rate fluctuations after the acquisition.

The goodwill of RMB 5,651,044.58 on Hisenor Vietnam: When the Company's subsidiary Hisenor International acquired shares in Hisenor Vietnam in June 2013, the amount by which Hisenor International's investment cost of USD 1.14 million exceeded its share of the acquiree's owners' equity was recorded in goodwill, with the effects of the translation of the investee's foreign-currency-denominated financial statements caused by exchange rate fluctuations after the acquisition.

The goodwill of RMB 8,838,854.56 on Kaifeng Haid: When acquiring shares in Kaifeng Haid in March 2013, the Company recorded goodwill at the amount by which the investment cost of RMB 12,382,353.63 exceeded the Company's share of the acquiree's owners' equity.

The goodwill of RMB 127,116.22 on Guangzhou Heshengtang Pharmaceutical: When acquiring shares in Guangzhou Heshengtang Pharmaceutical in February 2013, the Company recorded goodwill at the amount by which the investment cost of RMB 2,330,000.00 exceeded the Company's share of the acquiree's owners' equity.

The goodwill of RMB 5,809,578.76 on Haid Livestock Veterinary Research Institute: When acquiring shares in Haid Livestock Veterinary Research Institute in March 2013, the Company recorded goodwill at the amount by which the investment cost of RMB 50,500,000.00 exceeded the Company's share of the acquiree's owners' equity.

The goodwill of RMB 19,210,769.76 on Hunan Innovation: When acquiring shares in Hunan Innovative in August 2015, 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 shares in Sichuan Hailinger in June 2015, the Company recorded goodwill at the amount by which the investment cost of RMB 107,200,000.00 exceeded the Company's share of the acquiree's owners' equity.

The goodwill of RMB 8,312,415.28 on Jiaxing Haid: When acquiring shares in Jiaxing Haid in February 2016, 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 shares in Rongcheng Yandunjiao in September 2016, 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 shares in Shandong Daxin in December 2017, 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 shares in Hunan Jinhuilong in December 2017, the Company recorded goodwill at the amount by which the investment cost of RMB 31,620,000.00 exceeded the Company's share of the acquiree's owners' equity.

The goodwill of RMB 57,092,523.20 on Feicheng Heruifeng: When acquiring shares in Feicheng Heruifeng in June 2018, the Company recorded goodwill at the amount by which the investment cost of RMB 200,370,280.00 exceeded the Company's share of the acquiree's owners' equity.

The goodwill of RMB 30,507,361.78 on Weifang Xuheng: When acquiring shares in Weifang Xuheng in June 2018, the Company recorded goodwill at the amount by which the investment cost of RMB 50,319,300.00 exceeded the Company's share of the acquiree's owners' equity.

The goodwill of RMB 587,209.55 on Jianong Lianyungang: When acquiring shares in Jianong Lianyungang in August 2018, the Company recorded goodwill at the amount by which the investment cost of RMB 2.00 exceeded the Company's share of the acquiree's owners' equity.

The goodwill of RMB 1,411,040.63 on Xinjiang Ruiliheng: When acquiring shares in Xinjiang Ruiliheng in October 2018, the Company recorded goodwill at the amount by which the investment cost of RMB 11,000,000.00 exceeded the Company's share of the acquiree's owners' equity.

The goodwill of RMB 343,028.78 on Kembang Subur International: When acquiring shares in Kembang Subur International in November 2018, the Company recorded goodwill at the amount by which the investment cost of USD 112,150.00 exceeded the Company's shares of the acquiree's owners' equity, with the effects of the translation of the investee's foreign-currency-denominated financial statements caused by exchange rate fluctuations after the acquisition.

The goodwill of RMB 1,455,358.51 on Gaotang Huayu: When acquiring shares in Xinjiang Ruiliheng in August 2019, 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.

Note 3: Performance commitment regarding Shandong Daxin and performance results

① Performance commitment

According to the Equity Transfer Agreement entered into on September 14, 2017 between the Company as well as Jianbing Liu, Haibo Yu, Yuqin Wang, Fei Xing, Xianlai Duan and Mingjun Yang, the transferors

Jianbing Liu, Haibo Yu, Yuqin Wang, Xianlai Duan and Mingjun Yang undertook that the net income of Shandong Daxin shall not be lower than RMB 50 million in 2017; that the aggregated net income of Shandong Daxin shall not be lower than RMB 105 million in 2017 and 2018; that the aggregated net income of Shandong Daxin shall not be lower than RMB 165 million in 2017, 2018 and 2019; and that the aggregated net income of Shandong Daxin shall not be lower than RMB 230 million in 2017, 2018, 2019 and 2020, otherwise they shall compensate the Company for the gap, with the total net compensation amount subject to an upper limit of the total equity transaction price. Net income refers to the consolidated net income attributable to owners of Shandong Daxin during the commitment period (the lower when deducting the non-operating gains and losses).

## ② Performance results

Abbr. of company name	Year	Promised net income (RMB 0,000)	Actual net income (RMB 0,000)	Gap (RMB 0,000)	Fulfillment ratio
Shandong Daxin	2017-2019	16,500.00	15,123.84	-1,376.16	91.66%
	2017-2018	10,500.00	10,724.14	224.14	102.13%
	2017	5,000.00	6,435.63	1,435.63	128.71%

According to the performance commitment of Shandong Daxin as of this year, the original equity transferor of Shandong Daxin should pay performance compensation of RMB 17.88 million to the Group.

## (2) Provision for impairment of goodwill

Name of investee or events from which goodwill arose	As at 31/12/2018	Additions during the year			As at 31/12/2019
		Provisoion	Effect of translation of foreign currency statement	Decreases during the year	
Guangzhou Runchuan	-	50,000.00	-	-	50,000.00
Guangzhou Haihe	-	76,663.70	-	-	76,663.70
Hisenor Vietnam	2,710,672.38	2,895,742.00	44,630.20	-	5,651,044.58
Hunan Innovation	4,038,440.41	-	-	-	4,038,440.41
Sichuan Hailinger	2,036,960.97	27,060,079.18	-	-	29,097,040.15
Shandong Daxin	-	3,328,423.01	-	-	3,328,423.01
Kembang Subur International	-	348,676.61	-	-	348,676.61
<b>Total</b>	<b>8,786,073.76</b>	<b>33,759,584.50</b>	<b>44,630.20</b>	<b>-</b>	<b>42,590,288.46</b>

Note: The Group calculates the recoverable amounts by discounting the expected future cash flows, which was prepared by management based on the past performance and expectation for future market development. As of December 31, 2019, according to the impairment test results, the Group recognized provision for impairment of goodwill of RMB 42,590,288.46 (RMB 8,786,073.76 as of December 31, 2018).

#### 24. Long-term deferred expenses

Item	As at 31/12/2018	Additions during the year	Decreases during the year		As at 31/12/2019
			Amortization for the year	Other decreases	
Rental expense	147,459,607.01	44,096,398.90	32,987,161.58	6,951,461.77	151,617,382.56
Forest restoration expense	14,477,037.61	935,273.11	577,620.14	-	14,834,690.58
Expense on obtaining operation rights of contracted assets	25,788,461.01	6,474,054.28	2,299,583.79	-	29,962,931.50
Improvement and decoration expense	35,212,075.49	18,333,861.32	12,295,303.17	5,264,283.28	35,986,350.36
Other	8,206,891.97	3,721,776.78	3,004,156.01	-	8,924,512.74
<b>Total</b>	<b>231,144,073.09</b>	<b>73,561,364.39</b>	<b>51,163,824.69</b>	<b>12,215,745.05</b>	<b>241,325,867.74</b>

#### 25. Deferred tax assets and deferred tax liabilities

##### (1) Deferred tax assets and deferred tax liabilities not offsetting

Item	As at 31/12/2019		As at 31/12/2018	
	Deductible or taxable temporary differences	Deferred tax assets/ deferred tax liabilities	Deductible or taxable temporary differences	Deferred tax assets/ deferred tax liabilities
<b>Deferred tax assets:</b>				
Provisions for impairment of assets	159,342,357.19	34,622,196.69	149,536,013.78	29,943,107.06
Organization cost	17,230,681.38	208,759.57	44,241,731.89	893,075.47
Depreciation	10,329,774.13	1,314,044.77	10,860,816.22	1,566,603.82
Amortisation	1,056,851.12	264,212.78	1,476,831.03	362,282.26
Deductible losses	1,286,774,412.92	310,060,089.71	982,742,152.20	225,595,599.10

Item	As at 31/12/2019		As at 31/12/2018	
	Deductible or taxable temporary differences	Deferred tax assets/ deferred tax liabilities	Deductible or taxable temporary differences	Deferred tax assets/ deferred tax liabilities
Accrued expense	11,342,976.96	2,835,744.25	12,134,402.72	3,033,600.68
Unrealized profits of intra-group transactions	277,163,923.78	39,778,231.42	193,297,711.72	42,951,995.56
Gain/Loss on movements in fair value	2,633,510.00	658,377.50	46,271,790.00	11,567,947.50
Deferred income	66,891,484.52	14,833,177.56	47,228,660.83	10,801,737.84
Payroll payable	149,723,509.39	31,933,727.69	145,981,486.49	32,539,714.11
Equity incentive	574,227,900.48	143,556,975.12	366,313,771.20	91,578,442.80
Deductible advertising expense carryforwards	10,917,596.70	2,729,399.18	2,215,067.59	553,766.90
Accrued sales discounts	90,253,291.04	9,025,329.10	51,112,835.77	5,111,283.58
Guarantee compensation for expected losses	413,332.80	99,856.00	-	-
<b>Subtotal</b>	<b>2,658,301,602.41</b>	<b>591,920,121.34</b>	<b>2,053,413,271.44</b>	<b>456,499,156.68</b>
<b>Deferred tax liabilities:</b>				
Gain/Loss on movements in fair value	19,183,065.85	4,795,766.46	49,672,592.73	12,418,148.18
Depreciation	247,347,574.66	52,176,147.65	132,776,496.97	29,031,853.46
Amortization	209,312,372.67	48,183,352.95	32,296,756.17	8,074,189.04
Increase in value upon valuation	30,349,837.94	7,587,459.49	214,707,267.41	49,310,181.66
<b>Subtotal</b>	<b>506,192,851.12</b>	<b>112,742,726.55</b>	<b>429,453,113.28</b>	<b>98,834,372.34</b>

(2) Details of unrecognized deferred tax assets

Item	As at 31/12/2019	As at 31/12/2018
Deductible losses	35,976,457.45	1,571,559.09
Provision for impairment of assets	82,840,232.16	76,287,092.47
<b>Total</b>	<b>118,816,689.61</b>	<b>77,858,651.56</b>

Note: These deductible temporary differences and deductible losses were unrecognized as deferred tax assets because it was uncertain whether sufficient taxable income could be obtained in the future.

(3) Expiration of deductible tax losses for unrecognized deferred tax assets

Year	As at 31/12/2019	As at 31/12/2018	Note
2019	—	9,846.32	
2020	3,795.68	13,707.81	
2021	1,828,632.52	11,365.24	
2022	280,822.15	289,891.23	
2023	1,573,881.61	1,246,748.49	
2024	32,289,325.49	—	
<b>Total</b>	<b>35,976,457.45</b>	<b>1,571,559.09</b>	

## 26. Other non-current assets

Item	As at 31/12/2019	As at 31/12/2018
Prepayments for equipment and constructions	166,177,606.84	233,983,903.99
Prepayments for acquisition of other long-term assets	99,498,252.15	77,225,393.19
Other	1,049.85	-
<b>Total</b>	<b>265,676,908.84</b>	<b>311,209,297.18</b>

## 27. Short-term loans

### (1) Short-term loans by category

Item	As at 31/12/2019	As at 31/12/2018
Unsecured loans	2,986,128,344.11	2,714,591,832.88
Pledged loans	34,763,660.07	1,363,034.81
<b>Total</b>	<b>3,020,892,004.18</b>	<b>2,715,954,867.69</b>

Note: Unsecured loans included guaranteed loans provided by inter-group members.

### (2) There were no overdue short-term loans as of the end of current period.

## 28. Financial liabilities held for trading

Item	As at 31/12/2019	As at 31/12/2018
Financial liabilities held for trading	2,633,510.00	—
Including: Derivative financial liabilities	2,633,510.00	—
<b>Total</b>	<b>2,633,510.00</b>	—

**29. Financial liabilities at fair value through profit or loss**

Item	As at 31/12/2019	As at 31/12/2018
Financial liabilities held for trading	—	46,271,790.00
Including: Derivative financial liabilities	—	46,271,790.00
<b>Total</b>	<b>—</b>	<b>46,271,790.00</b>

Note: Financial liabilities held for trading were futures measured at fair value.

**30. Accounts payable**

Item	As at 31/12/2019	As at 31/12/2018
Accounts payable with aging below one year	1,883,388,667.22	1,480,625,014.36
Accounts payable with aging over one year	33,666,673.63	32,232,061.58
<b>Total</b>	<b>1,917,055,340.85</b>	<b>1,512,857,075.94</b>

Significant accounts payable with aging over one year

Item	Ending balance	Reason for unsettledness or carry-forward
Payables for construction and equipment	6,408,694.98	Projects unsettled
Payables for land	1,080,000.00	Settlement undue
<b>Total</b>	<b>7,488,694.98</b>	—

**31. Advances from customers**

Item	As at 31/12/2019	As at 31/12/2018
Advances from customers with aging below one year	1,502,639,044.74	1,277,898,818.39
Advances from customers with aging over one year	45,644,410.47	29,361,196.31
<b>Total</b>	<b>1,548,283,455.21</b>	<b>1,307,260,014.70</b>

(1) Significant advances from customers with aging over one year

Item	Ending balance	Reason for unsettledness or carry-forward
Advances for goods	11,974,166.09	Conditions for revenue recognition unmet
<b>Total</b>	<b>11,974,166.09</b>	—



**32. Employee benefits payable**

Item	As at 31/12/2018	Accrued during the year	Decreased during the year	As at 31/12/2019
Short-term employee benefits	596,475,453.28	2,449,965,435.60	2,355,872,113.14	690,568,775.74
Post-employment benefits - defined contribution plans	74,783.45	95,076,218.39	94,597,947.24	553,054.60
Termination benefits	50,000.00	3,158,763.59	2,774,568.20	434,195.39
Other benefits due within one year	-	-	-	-
<b>Total</b>	<b>596,600,236.73</b>	<b>2,548,200,417.58</b>	<b>2,453,244,628.58</b>	<b>691,556,025.73</b>

**(1) Short-term employee benefits**

Item	As at 31/12/2018	Accrued during the year	Decreased during the year	As at 31/12/2019
Salaries, bonus, allowances	466,672,645.84	2,185,398,229.16	2,077,598,410.31	574,472,464.69
Staff welfare	3,196,956.58	81,561,068.64	78,420,511.83	6,337,513.39
Social insurances	142,592.28	53,157,145.56	53,105,363.87	194,373.97
Including: 1. Medical insurance	123,796.87	43,520,780.34	43,503,650.36	140,926.85
2. Work-related injury insurance	5,731.12	3,571,717.31	3,561,976.90	15,471.53
3. Maternity insurance	9,679.44	4,515,521.20	4,517,096.84	8,103.80
4. Serious disease subsidies	3,384.85	1,549,126.71	1,522,639.77	29,871.79
Housing Fund	53,642.00	20,966,630.78	20,855,846.81	164,425.97
Labor union fees	738,128.77	3,768,339.72	3,822,607.32	683,861.17
staff and workers' education fee	493,842.64	8,766,676.27	8,619,616.37	640,902.54
Short-term profit –sharing plan	94,997,014.94	96,347,345.47	83,269,126.40	108,075,234.01
Key personnel stock ownership plans	30,180,630.23	-	30,180,630.23	-
<b>Total</b>	<b>596,475,453.28</b>	<b>2,449,965,435.60</b>	<b>2,355,872,113.14</b>	<b>690,568,775.74</b>

**(2) Defined contribution plans**

Item	As at 31/12/2018	Accrued during the year	Decreased during the year	As at 31/12/2019
Post-employment benefits	74,783.45	95,076,218.39	94,597,947.24	553,054.60
Including: 1. Basic pension insurance	50,413.53	92,040,077.70	91,559,440.13	531,051.10
2. Unemployment insurance	24,369.92	3,036,140.69	3,038,507.11	22,003.50
3. Annuity	-	-	-	-

<b>Total</b>	<b>74,783.45</b>	<b>95,076,218.39</b>	<b>94,597,947.24</b>	<b>553,054.60</b>
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### 33. Taxes payable

<b>Item</b>	<b>As at 31/12/2019</b>	<b>As at 31/12/2018</b>
VAT	9,247,173.60	5,543,427.85
City construction tax	765,087.96	288,243.61
Corporate income tax	82,666,938.07	98,807,213.12
Individual income tax	5,544,728.31	4,245,340.11
Property tax	2,892,647.29	4,448,626.28
Stamp tax	2,288,272.68	1,837,340.80
Educational surcharges	568,667.34	222,894.49
Land use tax	1,927,824.05	2,714,156.21
Environmental protection tax	290,612.29	264,307.73
Water resource tax	156,829.20	65,522.50
Tax withheld	41,032.83	47,753.46
Other	166,247.17	104,817.03
<b>Total</b>	<b>106,556,060.79</b>	<b>118,589,643.19</b>

### 34. Other payables

<b>Item</b>	<b>As at 31/12/2019</b>	<b>As at 31/12/2018</b>
Interests payable	-	25,144,934.16
Dividends payable	1,159,042.39	6,250,397.10
Other payables	380,924,072.47	430,306,647.66
<b>Total</b>	<b>382,083,114.86</b>	<b>461,701,978.92</b>

#### (1) Interests payable

<b>Item</b>	<b>As at 31/12/2019</b>	<b>As at 31/12/2018</b>
Interest payable on short-term loans	-	17,556,882.27
Interest payable for long-term loans	-	7,588,051.89
<b>Total</b>	<b>-</b>	<b>25,144,934.16</b>

#### (2) Dividends payable

<b>Item</b>	<b>As at 31/12/2019</b>	<b>As at 31/12/2018</b>
Dividends payable to non-controlling interests	1,159,042.39	6,250,397.10

<b>Total</b>	<b>1,159,042.39</b>	<b>6,250,397.10</b>
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## (3) Other payables

Item	As at 31/12/2019	As at 31/12/2018
Security deposits	145,908,823.22	137,692,253.01
Petty cash	4,168,645.75	5,399,421.38
Rents	6,327,233.03	4,777,381.84
Payables for equity transfer	16,544,482.25	5,000,000.00
Payables to external parties	30,726,278.01	24,018,830.74
Restricted stock repurchase commitments	172,540,566.20	251,038,100.40
Other	4,708,044.01	2,380,660.29
<b>Total</b>	<b>380,924,072.47</b>	<b>430,306,647.66</b>

## Significant other payables aging over 1 year

Item	As at 31/12/2019	Reason for no repayment
Payables for equity transfer	5,000,000.00	Payment conditions unmet
Security deposits	11,000,000.00	Execution of contract unfinished
<b>Total</b>	<b>16,000,000.00</b>	—

**35. Long-term payables due within one year**

Item	As at 31/12/2019	As at 31/12/2018
Long-term payables due within one year	48,838,331.24	31,352,957.13
<b>Total</b>	<b>48,838,331.24</b>	<b>31,352,957.13</b>

## (1) Long-term payables due within one year

Item	As at 31/12/2019	As at 31/12/2018
Obligations under finance leases	4,749,031.24	4,301,957.13
Obligations under equity transfers	44,089,300.00	27,051,000.00
<b>Total</b>	<b>48,838,331.24</b>	<b>31,352,957.13</b>

**36. Other current liabilities**

Item	As at 31/12/2019	As at 31/12/2018
Utilities	34,988,014.06	26,382,881.71

Steam or other fuel or power charges	19,669,806.62	10,399,718.09
Transportation and warehousing charges	15,167,471.95	14,509,324.58
Office and meeting service charges	13,346,945.97	10,291,181.08
Travel charges	14,114,721.54	11,009,221.81
Rents	1,637,155.75	802,469.20
Vehicle charges	12,681,404.97	9,423,641.61
R&D charges	1,981,360.04	979,622.79
Business promotion charges	8,992,606.94	7,881,307.35
Maintenance charges	3,638,528.04	1,594,468.19
Entrusted cultivation charges	35,389,281.96	40,598,063.29
Output VAT to be transferred	10,575,734.84	18,822,783.10
Other	15,778,854.73	7,827,286.61
<b>Total</b>	<b>187,961,887.41</b>	<b>160,521,969.41</b>

### 37. Long-term loans

Item	As at 31/12/2019	As at 31/12/2018
Unsecured loans	821,661,042.98	1,842,910,000.00
<b>Subtotal</b>	<b>821,661,042.98</b>	<b>1,842,910,000.00</b>
Less: long-term loans due within one year	-	-
<b>Total</b>	<b>821,661,042.98</b>	<b>1,842,910,000.00</b>

Note: Unsecured loans included guaranteed loans provided by inter-group members.

### 38. Long-term payables

Item	As at 31/12/2019	As at 31/12/2018
Long-term payables	85,596,111.44	115,622,929.75
Special payables	-	-
<b>Total</b>	<b>85,596,111.44</b>	<b>115,622,929.75</b>

#### (1) Long-term payables

Item	As at 31/12/2019	As at 31/12/2018
Obligations under equity transfers	109,682,249.52	111,716,800.00
Obligations under finance leases	73,731,910.96	62,676,195.65
Less: Unrecognized financing costs	48,979,717.80	27,417,108.77

<b>Subtotal</b>	<b>134,434,442.68</b>	<b>146,975,886.88</b>
Less: long-term payables due within one year	48,838,331.24	31,352,957.13
<b>Total</b>	<b>85,596,111.44</b>	<b>115,622,929.75</b>

### 39. Long-term employee benefits payable

Item	As at 31/12/2019	As at 31/12/2018
Post-employment benefits-net liabilities of defined benefit plans	-	-
Dismissal benefits	-	-
Long-term profit sharing plans	174,154,018.26	159,888,874.07
<b>Subtotal</b>	<b>174,154,018.26</b>	<b>159,888,874.07</b>
Less: Long-term employee benefits payable due within one year	108,075,234.01	94,997,014.94
<b>Total</b>	<b>66,078,784.25</b>	<b>64,891,859.13</b>

### 40. Deferred income

Item	As at 31/12/2018	Additions during the year	Reductions during the year	As at 31/12/2019	Reason for deferral
Government grant	66,805,070.81	68,845,744.88	16,727,248.55	118,923,567.14	Receipt of government grant
Rent income	1,563,061.42	2,935,324.18	3,035,437.68	1,462,947.92	Conditions for revenue recognition unmet
<b>Total</b>	<b>68,368,132.23</b>	<b>71,781,069.06</b>	<b>19,762,686.23</b>	<b>120,386,515.06</b>	—

Note: For the government grant which was recognized as deferred income, refer to Note XIV. 1. Government grant.

### 41. Share capital (Unit: share)

Item	As at 31/12/2018	Movements during the year (+, -)	As at 31/12/2019
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		New issue	Bonus issue	Shares as dividend converted from public reserves	Other	Subtotal	
<b>Total shares</b>	<b>1,581,211,084.00</b>	<b>89,850.00</b>	-	-	<b>-943,440.00</b>	<b>-853,590.00</b>	<b>1,580,357,494.00</b>

Note: The changes in the total shares in current period were incurred by the exercise of share options under equity incentive plans in 2019. The restricted shares newly subscribed for and the repurchase of restricted shares granted to employees but still in lockup due to the employees' resignation or the termination of the labor contracts with the employees.

## 42. Capital reserve

Item	As at 31/12/2018	Additions during the year	Reductions during the year	As at 31/12/2019
Share premium(Note 1)	1,732,902,228.90	20,954,034.93	7,259,655.10	1,746,596,608.73
Other capital reserves(Note 2)	277,875,953.32	114,549,609.47	20,230,065.09	372,195,497.70
<b>Total</b>	<b>2,010,778,182.22</b>	<b>135,503,644.40</b>	<b>27,489,720.19</b>	<b>2,118,792,106.43</b>

Note 1: Reasons for the changes in share premium

- ① The increases in share premium in current period primarily consisted of the premium arising from the exercise of incentive share options, the portion by which the amount paid to subscribe for restricted stock exceeded the par value 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 date.
- ② The decreases in share premium in 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 current period primarily consisted of the share-based payments with equity instruments attributable to the parent company in the implementation of share option and restricted share incentives (refer to XI), 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 current period were primarily incurred by the reclassification into share premium due to the exercise of incentive share options and the unlocking of restricted shares.

### 43. Treasury Shares

Item	As at 31/12/2018	Additions during the year	Reductions during the year	As at 31/12/2019
Restricted stock repurchase commitments	251,038,100.40	-	78,497,534.20	172,540,566.20

Note: The decrease in current period was primarily incurred by equity distribution and the repurchase of restricted shares granted to employees but still in lockup due to the distribution of interest or employees' resignation or the termination of the labor contracts with the employees.

### 44. Other comprehensive income

Item	As at 31/12/2018	Movements during the year					As at 31/12/2019
		Before-tax amount	Less: previously recognized amount transferred to profit or loss	Less: income tax expense	Net-of-tax amount attributable to shareholders of the Company	Net-of-tax amount attributable to non-controlling interests	
I. Items that will not be reclassified to profit or loss	-	-	-	-	-	-	-
II. Items that may be reclassified to profit or loss	7,600,777.65	-2,824,205.77	-	-	-2,308,513.75	-515,692.02	5,292,263.90
Including:							
Translation differences arising from translation of foreign currency financial statements	7,600,777.65	-2,824,205.77	-	-	-2,308,513.75	-515,692.02	5,292,263.90

Item	Movements during the year						As at 31/12/2019
	As at 31/12/2018	Before-tax amount	Less: previously recognized amount transferred to profit or loss	Less: income tax expense	Net-of-tax amount attributable to shareholders of the Company	Net-of-tax amount attributable to non-control ling interests	
<b>Total</b>	<b>7,600,777.65</b>	<b>-2,824,205.77</b>	<b>-</b>	<b>-</b>	<b>-2,308,513.75</b>	<b>-515,692.02</b>	<b>5,292,263.90</b>

Note: Net-of-tax amount of other comprehensive income during the year 2019 is RMB -2,824,205.77, in which net-of-tax amount of other comprehensive income attributable to shareholders of the Company is RMB -2,308,513.75, and net-of-tax amount of other comprehensive income attributable to non-controlling interests is RMB -515,692.02.

#### 45. Surplus reserve

Item	As at 31/12/2018	Additions during the year	Reductions during the year	As at 31/12/2019
Statutory surplus	518,730,727.06	115,677,076.65	-	634,407,803.71
<b>Total</b>	<b>518,730,727.06</b>	<b>115,677,076.65</b>	<b>-</b>	<b>634,407,803.71</b>

Note: As per the Company's Articles of Association, 10% of its net income in 2019, i.e. RMB 115,677,076.65, was appropriated to statutory surplus reserves.

#### 46. Retained earnings

Item	Year ended 31/12/2019	Year ended 31/12/2018	Appropriation or distribution percentage
Retained earnings as at 31/12/2018 (before adjustment)	3,878,656,406.43	2,973,520,338.94	
Total adjustments for opening retained earnings (“+” for increase; “-” for decrease)	-	-	
Retained earnings as at 01/01/2019 (after adjustment)	3,878,656,406.43	2,973,520,338.94	
Add: Net profits for the year attributable to shareholders of the Company	1,648,762,579.59	1,437,281,732.28	
Less: Appropriation for statutory surplus reserve	115,677,076.65	136,767,076.29	10%



Item	Year ended 31/12/2019	Year ended 31/12/2018	Appropriation or distribution percentage
Dividends converted to general share capital	474,261,280.20	395,378,588.50	
Retained earnings as at 31/12/2019	4,937,480,629.17	3,878,656,406.43	

#### 47. Operating income and operating cost

Item	Year ended 31/12/2019		Year ended 31/12/2018	
	Income	Cost	Income	Cost
Principal activities	47,500,436,847.20	42,157,645,399.36	42,063,586,048.63	37,559,821,198.27
Other operating activities	112,150,617.30	65,766,517.74	93,042,751.48	55,764,986.50
<b>Total</b>	<b>47,612,587,464.50</b>	<b>42,223,411,917.10</b>	<b>42,156,628,800.11</b>	<b>37,615,586,184.77</b>

#### 48. Taxes and surcharges

Item	Year ended 31/12/2019	Year ended 31/12/2018
Urban maintenance and construction tax	4,107,302.77	2,266,665.90
Educational surcharge	1,902,068.76	1,109,094.63
Local educational surcharge	1,299,302.38	726,482.40
Stamp duty	18,975,794.55	18,172,714.35
Property tax	19,473,225.38	17,112,520.02
Land usage tax	12,197,005.15	11,395,616.42
Environmental protection tax	1,271,587.28	1,131,182.13
Other	1,389,806.54	1,226,462.49
<b>Total</b>	<b>60,616,092.81</b>	<b>53,140,738.34</b>

Note: For the criteria of taxes and surcharges accrued and paid, please refer to Note IV. Taxation

#### 49. Selling and distribution expenses

Item	Year ended 31/12/2019	Year ended 31/12/2018
Employee compensation	856,430,622.49	752,167,912.68
Product transportation charges and port charges	359,351,749.43	309,572,633.43
Travel expense	186,973,876.54	167,983,708.20
Business promotion expense	113,085,943.18	108,479,633.63

Item	Year ended 31/12/2019	Year ended 31/12/2018
Equity incentive expense	3,868,403.14	7,253,250.43
Other	42,985,904.73	32,469,320.31
<b>Total</b>	<b>1,562,696,499.51</b>	<b>1,377,926,458.68</b>

## 50. General and administrative expenses

Item	Year ended 31/12/2019	Year ended 31/12/2018
Employee compensation	708,884,901.71	563,662,350.60
Travel expense	64,588,567.02	54,985,035.30
Office expense	275,391,481.30	239,934,995.42
Training and consulting service charges	69,493,506.96	39,831,493.67
Equity incentive expense	10,620,351.90	19,717,103.07
Other	61,767,360.26	48,981,574.34
<b>Total</b>	<b>1,190,746,169.15</b>	<b>967,112,552.40</b>

## 51. Research and development expenses

Item	Year ended 31/12/2019	Year ended 31/12/2018
labor	212,584,892.45	157,537,878.14
Materials	104,914,562.32	83,379,047.36
Travel expense	20,054,034.21	14,738,823.94
Office expense	60,539,207.70	38,834,784.44
Training and consulting service charges	3,019,861.03	2,388,523.37
Expense on R&D entrusted to external parties	10,243,252.16	5,122,159.73
Equity incentive expense	2,835,008.26	5,236,488.93
Other	1,819,141.59	1,929,614.75
<b>Total</b>	<b>416,009,959.72</b>	<b>309,167,320.66</b>

## 52. Financial expenses

Item	Year ended 31/12/2019	Year ended 31/12/2018
Total interest expenses	226,706,748.45	189,458,281.87
Less: Interest income	32,415,237.75	32,211,787.13
Add: Net exchange losses/gains	-14,343,205.96	37,981,670.93
Add: Unrecognized financing costs	6,914,507.61	5,927,697.80

Add: Bank charges	25,087,077.18	17,896,467.45
<b>Total</b>	<b>211,949,889.53</b>	<b>219,052,330.92</b>

### 53. Other income

Item (Source of other income)	Year ended 31/12/2019	Year ended 31/12/2018	Related to assets/ income
Government grant related to daily operating activities	51,358,583.55	54,838,316.91	Related to income
Other items arising in the daily operating activities that should be charged directly to other income	987,561.31	1,263,559.84	—
<b>Total</b>	<b>52,346,144.86</b>	<b>56,101,876.75</b>	—

Note: For the details of government grant, refer to Note XIV. 1. Government grant.

### 54. Investment income

Item	Year ended 31/12/2019	Year ended 31/12/2018
Income from long-term equity investments accounted for using the equity method	13,127,173.32	6,349,268.04
Investment income from disposal of long-term equity investments	21,411,361.70	-647,232.38
Investment income from holding held-for-trading financial assets	115,951,864.28	—
Investment income from holding financial assets at fair value through profit or loss	—	16,363,273.98
Investment income from holding available-for-sale financial assets	—	3,882,577.17
Investment income from holding other non-current financial assets	5,168,056.73	—
Interest income from debt investments	1,112.64	—
Investment income from disposal of financial assets at fair value through profit or loss	—	125,317,041.78
Investment income from disposal of available-for-sale financial assets	—	-175,206.74
Investment income from disposal of other non-current financial assets	4,382,680.28	—
<b>Total</b>	<b>160,042,248.95</b>	<b>151,089,721.85</b>

## 55. Gains/ (losses) from changes in fair value

Item	Year ended 31/12/2019	Year ended 31/12/2018
Held-for-trading financial assets	-39,635,272.73	—
Including: Financial assets at fair value through profit or loss	-	—
Held-for-trading financial liabilities	43,638,280.00	—
Including: Financial liabilities at fair value through profit or loss	-	—
Financial assets at fair value through profit or loss	—	40,071,452.73
Financial liabilities at fair value through profit or loss	—	-27,492,716.88
Other	4,045,037.00	-
<b>Total</b>	<b>8,048,044.27</b>	<b>12,578,735.85</b>

## 56. Impairment losses of credit

Item	Year ended 31/12/2019	Year ended 31/12/2018
Impairment losses of receivables	-16,680,157.14	—
Impairment losses of Loans and factoring	-5,975,691.63	—
Impairment losses of guarantee	-413,332.80	—
<b>Total</b>	<b>-23,069,181.57</b>	<b>—</b>

## 57. Impairment losses of assets

Item	Year ended 31/12/2019	Year ended 31/12/2018
Receivables	—	-59,058,265.12
Inventories	-12,085,993.23	-754,254.68
Assets held for sale	-4,380,811.42	-
Goodwill	-33,720,425.64	-6,075,401.38
Provision for impairment of loans	—	-123,450.00
<b>Total</b>	<b>-50,187,230.29</b>	<b>-66,011,371.18</b>

## 58. Gains from assets disposal

Item	Year ended 31/12/2019	Year ended 31/12/2018
Gains from disposals of long-term assets (“-” for losses)	3,880,771.91	66,161.29
<b>Total</b>	<b>3,880,771.91</b>	<b>66,161.29</b>

## 59. Non-operating income

Item	Year ended 31/12/2019	Year ended 31/12/2018	Amount included in non-recurring gains or losses for the year ended 31/12/2019
Gain on disposal of non-current assets resulted from damage or obsolescence	215,203.19	99,724.11	215,203.19
Government grants	2,000.00	10,696,100.00	2,000.00
Insurance compensation	5,135,237.02	3,734,824.21	5,135,237.02
Debt repayment income	4,919,652.84	3,011,470.01	4,919,652.84
Negative goodwill	3,199,250.94	-	3,199,250.94
Penalty income	-	1,072,650.38	-
Default income	-	6,787,149.26	-
Compensation of performance commitment	17,876,735.58	-	17,876,735.58
Other	3,249,831.07	1,448,705.88	3,249,831.07
<b>Total</b>	<b>34,597,910.64</b>	<b>26,850,623.85</b>	<b>34,597,910.64</b>

## 60. Non-operating expenses

Item	Year ended 31/12/2019	Year ended 31/12/2018	Amount included in non-recurring gains or losses for the year ended 31/12/2019
Gain on disposal of non-current assets resulted from damage or obsolescence	26,206,721.14	16,103,150.79	26,206,721.14
Donations	2,330,135.98	3,152,583.60	2,330,135.98
Other	10,257,072.12	9,860,175.72	10,257,072.12
<b>Total</b>	<b>38,793,929.24</b>	<b>29,115,910.11</b>	<b>38,793,929.24</b>

## 61. Income tax expenses

### (1) Details of income tax expenses

Item	Year ended 31/12/2019	Year ended 31/12/2018
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Current tax expense for the year based on tax law and regulations	334,571,473.63	332,944,051.45
Changes in deferred tax assets/liabilities	-30,056,863.47	-50,681,159.71
<b>Total</b>	<b>304,514,610.16</b>	<b>282,262,891.74</b>

(2) Reconciliation between income tax expenses and accounting profit is as follows:

Item	Year ended 31/12/2019	Year ended 31/12/2018
Profits/losses before tax	2,094,021,716.21	1,766,203,052.64
Expected income tax expenses at applicable tax rate	523,505,429.05	441,550,763.16
Effect of different tax rates applied by subsidiaries	-196,971,755.96	-133,345,017.64
Adjustment to income tax of previous years	238,890.05	-4,031,276.48
Effect of non-taxable income	-14,544,839.78	-9,469,895.91
Effect of non-deductible costs, expenses and losses	20,900,452.99	13,269,315.20
Effect on opening balance of deferred tax due to changes in tax rate	-129,469.10	362,683.15
Effect of using the deductible temporary differences or deductible losses for which no deferred tax asset was recognized in previous	-388,696.16	32,821.00
Effect of deductible temporary differences or deductible losses for which no deferred tax asset was recognized this year	3,670,152.02	2,838,380.11
Effect of research and development expenses over-deduction	-31,765,552.95	-28,944,880.85
Income tax expenses	304,514,610.16	282,262,891.74

## 62. Note for cash flow statement

(1) Cash inflows for other operating activities

Item	Year ended 31/12/2019	Year ended 31/12/2018
Operating receivables and payables	585,240,127.90	86,263,336.51
Fiscal subsidies	104,810,902.32	61,396,009.27
Interest income of deposit	32,180,350.15	31,746,796.28
Other	20,803,343.77	15,861,436.94
<b>Total</b>	<b>743,034,724.14</b>	<b>195,267,579.00</b>

(2) Cash outflows for other operating activities

Item	Year ended 31/12/2019	Year ended 31/12/2018
Operating receivables and payables	298,141,321.18	121,575,814.90
Other expense	1,134,521,719.06	958,180,075.89
<b>Total</b>	<b>1,432,663,040.24</b>	<b>1,079,755,890.79</b>

## (3) Cash outflows for other investing activities

Item	Year ended 31/12/2019	Year ended 31/12/2018
Deposit of acquisitions of long-term assets	1,023,267.79	5,513,846.93
Net amount received from disposal of subsidiaries	-	894,973.57
<b>Total</b>	<b>1,023,267.79</b>	<b>6,408,820.50</b>

## (4) Cash inflows for other financing activities

Item	Year ended 31/12/2019	Year ended 31/12/2018
Bills, loans, deposit of letter of credit	168,624.69	37,170,911.00
<b>Total</b>	<b>168,624.69</b>	<b>37,170,911.00</b>

## (5) Cash outflows for other financing activities

Item	Year ended 31/12/2019	Year ended 31/12/2018
Bills, loans, deposit of letter of credit	15,994,918.82	20,921,317.72
Dividends expense	196,265.24	163,361.67
Restricted stock repurchase	7,044,613.60	13,770,969.65
Payment for financial leasing	7,438,452.90	48,707,364.47
Payment for acquisition of non-controlling interest in current and previous year	10,694,778.06	4,565,000.00
Expense of convertible loans	5,326,186.94	-
<b>Total</b>	<b>46,695,215.56</b>	<b>88,128,013.51</b>

### 63. Supplementary information on cash flow statement

## (1) Supplement to cash flow statement

Item	Year ended 31/12/2019	Year ended 31/12/2018
<b>1. Reconciliation of net profit/loss to cash flows from operating activities:</b>		
Net profit/loss	1,789,507,106.05	1,483,940,160.90
Add: Provisions for impairment of assets	50,187,230.29	66,011,371.18
Provisions for impairment of credit	23,069,181.57	—

Item	Year ended 31/12/2019	Year ended 31/12/2018
Depreciation of fixed assets, depreciation of right of use assets, depreciation of investment properties, depletion of oil and gas assets, and depreciation of productive biological assets	549,894,405.14	437,203,065.21
Amortization of intangible assets	61,022,280.26	55,842,173.05
Amortization of long-term deferred expenses	51,163,824.69	45,071,285.73
Losses from disposal of fixed assets, intangible assets, and other long-term assets ("-" for gains)	-3,880,771.91	-66,161.29
Loss from scrapping of fixed assets ("-" for gains)	15,471,990.78	14,400,142.84
Loss from scrapping of productive biological assets ("-" for gains)	10,519,527.17	1,603,283.84
Losses from changes in fair value ("-" for gains)	-8,048,044.27	-12,578,735.85
Financial expenses ("-" for income)	233,621,256.06	195,385,979.67
Losses arising from investment ("-" for gains)	-160,042,248.95	-151,089,721.85
Decrease in deferred tax assets ("-" for increase)	-85,015,523.04	-83,773,226.30
Increase in deferred tax liabilities ("-" for decrease)	9,990,710.06	33,179,160.20
Decrease in gross inventories ("-" for increase)	275,591,834.58	-1,486,501,369.54
Decrease in operating receivables ("-" for increase)	5,946,433.30	-454,074,739.00
Increase in operating payables ("-" for decrease )	357,503,096.39	865,169,605.82
Expense of equity incentive	18,216,085.30	34,024,835.91
Other	52,262,331.61	-7,983,104.19
Net cash flows from operating activities	3,246,980,705.08	1,035,764,006.33
<b>2. Investing and financing activities not requiring the use of cash:</b>		
Conversion of debt into capital	-	-
Convertible bonds due within one year	-	-
Acquisition of fixed assets under finance leases	-	-
<b>3. Change in cash and cash equivalents:</b>		
Cash as at 31/12/2019	1,824,265,608.78	1,728,167,759.86
Less: cash as at 31/12/2018	1,728,167,759.86	1,374,275,559.37
Add: cash equivalents as at 31/12/2019	-	430,000,000.00
Less: cash equivalents as at 31/12/2018	430,000,000.00	-
Net increase/decrease in cash and cash equivalents	-333,902,151.08	783,892,200.49

(2) Net cash flows from acquisition of subsidiaries during the year

Item	Year ended 31/12/2019
Cash or cash equivalents paid in current period for business combinations incurred during the year	6,000,000.00
Including: Gaotang Huayu	1,000,000.00
Xinjiang Ruitai Biological	5,000,000.00



Item	Year ended 31/12/2019
Less: Cash and cash equivalents held by the subsidiaries on acquisition dates	601,044.01
Including: Gaotang Huayu	242,881.69
Xinjiang Ruitai Biological	358,162.32
Add: Cash or cash equivalents paid in Current Period for business combinations incurred in prior periods	27,051,000.00
Including: Shandong Daxin	27,051,000.00
Net cash flows for acquisition of subsidiaries	32,449,955.99

(3) Net cash flows from disposals of subsidiaries during the year

Item	Year ended 31/12/2019
Cash or cash equivalents received in current period for disposals of subsidiaries incurred during the year	19,638,476.78
Including: Hainan Haiwei Feed Co., Ltd.	19,638,476.78
Less: Cash and cash equivalents held by the subsidiary on the date when the Company lost control	-
Including: Hainan Haiwei Feed Co., Ltd.	-
Add: Cash or cash equivalents received in current period for disposals of subsidiaries incurred in prior period	-
Net cash flows for disposals of subsidiaries	19,638,476.78

Note: Hainan Haiwei Feed Co., Ltd. hereinafter referred to as “Hainan Haiwei”.

(4) Details of cash and cash equivalents

Item	Year ended 31/12/2019	Year ended 31/12/2018
1. Cash	1,824,265,608.78	1,728,167,759.86
Including: Cash on hand	1,127,806.04	3,458,157.23
Bank deposits available on demand	1,786,779,910.34	1,637,357,730.01
Other monetary funds available on demand	36,357,892.40	87,351,872.62
Cash at central bank available on demand	-	-
Amounts due from banks	-	-
Loans to banks	-	-
2. Cash equivalents	-	430,000,000.00
Including: Bond investments with a maturity of 3 months or less	-	-
3. Cash and cash equivalents as at 31/12/2019	1,824,265,608.78	2,158,167,759.86
Including: Restricted cash and cash equivalents held by the Company or subsidiaries of the Group	-	-

#### 64. Assets with restricted ownership or use right

Item	As at 31/12/2019	Reason for restriction
Cash at bank and on hand	24,508,704.76	Deposits of land remediation, letter of credit, customs duty, loan
<b>Total</b>	<b>24,508,704.76</b>	<b>—</b>

#### 65. Foreign currency translation

##### (1) Items in Foreign currency

Item	Balance in foreign currency as at 31/12/2019	Exchange rate	Balance translated to RMB as at 31/12/2019
Cash at bank and on hand	—	—	463,456,054.01
Including: USD	29,683,196.57	6.976200	207,075,915.91
VND	729,798,455,256.09	0.000300	218,939,536.58
HKD	546,065.44	0.895780	489,154.50
EUR	1,487.58	7.815500	11,626.18
SGD	180.87	5.173900	935.80
EGP	448,924.18	0.434652	195,125.79
IDR	38,651,798,787.61	0.000488	18,862,077.81
MYR	973,527.76	1.698600	1,653,634.25
INR	165,908,899.53	0.097813	16,228,047.19
Bills receivable	—	—	5,202,183.44
Including: IDR	607,112,500.00	0.000488	296,270.90
INR	50,156,038.00	0.097813	4,905,912.54
Accounts receivable	—	—	362,867,582.46
Including: USD	16,863,038.32	6.976200	117,639,927.93
VND	622,307,913,477.25	0.000300	186,692,374.04
IDR	36,217,568,985.60	0.000488	17,674,173.66
MYR	1,293,547.78	1.698600	2,197,220.26
INR	395,283,720.70	0.097813	38,663,886.57
Other receivables	—	—	183,330,950.50
Including: USD	24,656,766.62	6.976200	172,010,535.29
VND	3,794,489,632.00	0.000300	1,138,346.89
IDR	18,877,251,675.00	0.000488	9,212,098.82

Item	Balance in foreign currency as at 31/12/2019	Exchange rate	Balance translated to RMB as at 31/12/2019
MYR	46,329.68	1.698600	78,695.59
INR	9,112,018.93	0.097813	891,273.91
Long-term receivables	—	—	2,296,312.91
Including: VND	7,654,376,380.00	0.000300	2,296,312.91
Shor-term loans	—	—	1,175,201,789.29
Including: USD	64,835,254.80	6.976200	452,303,704.54
VND	1,134,881,409,777.00	0.000300	340,464,422.93
HKD	170,000,000.00	0.895780	152,282,600.00
EUR	25,000,000.00	7.815500	195,387,500.00
MYR	1,637,200.00	1.698600	2,780,947.92
INR	326,977,128.80	0.097813	31,982,613.90
Accounts payable	—	—	218,176,989.23
Including: USD	3,892,547.86	6.976200	27,155,192.38
VND	483,660,802,682.90	0.000300	145,098,240.80
IDR	75,258,939,239.59	0.000488	36,726,362.35
MYR	16,312.20	1.698600	27,707.90
INR	93,745,062.49	0.097813	9,169,485.80
Employee benefits payable	—	—	41,608,915.95
Including: USD	346,136.81	6.976200	2,414,719.61
VND	116,410,672,777.76	0.000300	34,923,201.83
IDR	1,748,545,248.00	0.000488	853,290.08
MYR	396,808.53	1.698600	674,018.97
INR	28,050,315.00	0.097813	2,743,685.46
Taxes payable	—	—	12,396,210.61
Including: USD	33,519.14	6.976200	233,836.22
VND	38,685,892,803.00	0.000300	11,605,767.84
IDR	880,418,480.42	0.000488	429,644.22
INR	1,298,010.84	0.097813	126,962.33
Other payables	—	—	2,705,635.85
Including: USD	56,144.25	6.976200	391,673.52
VND	1,618,710,302.00	0.000300	485,613.09
INR	18,692,292.88	0.097813	1,828,349.24
Long-term loans	—	—	352,882,713.09

Item	Balance in foreign currency as at 31/12/2019	Exchange rate	Balance translated to RMB as at 31/12/2019
Including: USD	50,583,801.08	6.976200	352,882,713.09

## (2) Overseas business entities

Name of business entity	Recording currency	Principal place of business	Basis for determination of recording currency
Kinghill Holdings	USD	Singapore	Major local currency
Kinghill Pte.	USD	Singapore	Major local currency
Haid Egypt	EGP	Egypt	Major local currency
Kinghill Resources	USD	Singapore	Major local currency
Vietnam Haibei	VND	Vietnam	Major local currency
Kinghill Agri	USD	Singapore	Major local currency
Haida Indonesia	IDR	Indonesia	Major local currency
Haida Surabaya	IDR	Indonesia	Major local currency
Hisenor Indonesia	IDR	Indonesia	Major local currency
Haid International	USD	Hong Kong	Major local currency
Haida HK	USD	Hong Kong	Major local currency
Rickworth	USD	Hong Kong	Major local currency
Hong Kong Longreat	USD	Hong Kong	Major local currency
Dong Nai Haid	VND	Vietnam	Major local currency
Danci	USD	Hong Kong	Major local currency
Panasia Trading	USD	Hong Kong	Major local currency
Sheng Long International	USD	Hong Kong	Major local currency
Sheng Long Bio-Tech	VND	Vietnam	Major local currency
Long Sheng International	VND	Vietnam	Major local currency
Hisenor International	USD	Hong Kong	Major local currency
Hisenor Viet Nam	VND	Vietnam	Major local currency
Kembang Subur International	MYR	Malaysia	Major local currency
Namduong Vietnam	VND	Vietnam	Major local currency
Sheng Long Malaysia	MYR	Malaysia	Major local currency
Sheng Long Aquatic Malaysia	MYR	Malaysia	Major local currency
Nano	USD	Hong Kong	Major local currency
Oceanic	USD	Hong Kong	Major local currency
Power Spring	USD	Hong Kong	Major local currency

Name of business entity	Recording currency	Principal place of business	Basis for determination of recording currency
Link	USD	Hong Kong	Major local currency
Lanking	USD	Singapore	Major local currency
Lanking America	USD	The U.S.	Major local currency
Lanking Nemo	USD	Singapore	Major local currency
Sheng Long India	INR	India	Major local currency
Lanking Rickworth	USD	Singapore	Major local currency
Lanking Nano	USD	Singapore	Major local currency
Hai Duong Haid	VND	Vietnam	Major local currency
Hai Dai	VND	Vietnam	Major local currency
Vinh Long Hai Dai	VND	Vietnam	Major local currency
Haid Ecuador	USD	Ecuador	Major local currency
Haid Marino Cia	USD	Ecuador	Major local currency

## 66. Hedging

The qualitative and quantitative information of hedged items, related hedging instruments and hedged risks which were disclosed according to the hedging categories:

### (1) Cross-currency interest rate swaps

The Group adopted cross-currency interest rate swaps to reduce the risk of changes in fair value of foreign currency bank borrowings with floating interest rate, that is, foreign currency borrowings with floating interest rate were converted into RMB borrowings with fixed interest rate. The Group designated the purchased cross-currency interest rate swaps as hedging instruments in 2019, and the terms of the cross-currency interest rate swaps were the same as those of the corresponding bank borrowings. The Group evaluated the effectiveness of hedging by the method of main terms comparison. The Group's management believed that the cross currency interest rate swap contract was a highly effective hedging instrument, and its main terms are as follow:

Nominal amount	Due date	Exchange rate
Floating interests of HKD 170,000,000	31/1/2020	The HKD interest rate after the 1-month Hong Kong interbank offered rate rises by 0.7% is converted into RMB fixed interest rate of 3.8%
Fixed interests of EUR 25 million	31/3/2020	Euro fixed interest rate of 0.5% is converted to RMB fixed interest rate of 3.96%

Fixed interests of USD 20 million	7/8/2020	The HKD interest rate after 0.8% increase of the one-month HSBC interbank offered rate is converted into RMB fixed interest rate of 3.7%
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## (2) Foreign currency forwards

As at December 31, 2019, the Group held the following foreign exchange forwards, which were designated as highly effective hedging instruments in 2019 to manage the foreign exchange exposure related to the expected foreign currency sales.

The Group evaluated the effectiveness of hedging by the comparison method of main terms. For the foreign currency forwards signed, whose terms were consistent with the terms of the expected transactions, and the group considered them highly effective. The main contents are as follow:

Nominal amount	Due date	Exchange rate
Buying of HKD 170 million in RMB	31/1/2020	0.8576
Buying of USD 19 million in RMB	19/3/2020	6.715
Buying of USD 655 thousand in RMB	19/3/2020	6.7664
Buying of EUR 25 million in RMB	31/3/2020	7.71
Buying of EUR 20 million in RMB	7/8/2020	7.04

The Group reduced the exchange rate fluctuation risk of foreign currency borrowings through foreign exchange forward (for details, refer to Note VIII (3) Market risk).

## VI Change in Consolidation Scope

### (I) Business Combinations Involving Enterprises Not under Common Control

#### 1. Business Combinations Involving Enterprises Not under Common Control Incurred in Current Period

Acquiree	Time of Acquisition	Acquisition cost (RMB)	Interest acquired (%)	Acquisition method	Acquisition date	Basis for determination of acquisition date	Revenue of acquire from acquisition date to period-end (RMB)	Net income of acquire from acquisition date to period-end (RMB)
Gaotang Huayu Pig Farming Co.,Ltd	2019-8-16	1,000,000.00	100.00	Acquisition	2019-8-16	Date when control over acquiree was obtained	-	-182,365.84

Alaer Ruitai Biological Protein Co.,Ltd	2019-11-15	16,440,800.00	100.00	Acquisition	2019-11-15	Date when control over acquiree was obtained	-	-113,201.02
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## 2. Costs of Combination and Goodwill

Items	Gaotang Huayu Pig Farming Co.,Ltd	Alaer Ruitai Biological Protein Co.,Ltd
<b>Costs of combination</b>		
Cash	1,000,000.00	5,000,000.00
Fair value of non-cash assets	-	-
Fair value of debt issued or borne	-	11,440,800.00
Fair value of equity securities issued	-	-
Fair value of contingent consideration	-	-
Fair value of equity interests held before acquisition date	-	-
<b>Total costs of combination</b>	<b>1,000,000.00</b>	<b>16,440,800.00</b>
Less: Share of fair value of identifiable net assets obtained	-455,358.51	19,640,050.94
Amount by which goodwill/costs of combination were lower than share of fair value of identifiable net assets obtained	1,455,358.51	-3,199,250.94

Note: The fair value of the costs of combination was determined at the audited of appraised value approved by both the acquirer and the acquiree.

## 3. Identifiable Assets and Liabilities of Acquirees at Acquisition Dated

Items	Gaotang Huayu Pig Farming Co.,Ltd		Alaer Ruitai Biological Protein Co.,Ltd	
	Fair value at acquisition date	Carrying value at acquisition date	Fair value at acquisition date	Carrying value at acquisition date
Asset:	597,994.69	597,994.69	59,524,123.19	43,853,546.58
Cash at bank and on hand	242,881.69	242,881.69	358,162.32	358,162.32
Long-term deferred expenses	355,113.00	355,113.00	-	-
Other current assets	-	-	99,308.20	99,308.20
Long-term receivables	-	-	41,548,409.39	41,548,409.39
Intangible assets	-	-	17,518,243.28	1,847,666.67
Liabilities	1,053,353.20	1,053,353.20	39,884,072.25	35,966,428.10
Tax payables	-	-	3,951,963.00	34,318.85

Other payables	1,053,353.20	1,053,353.20	10,915,659.73	10,915,659.73
Long-term payables	-	-	25,016,449.52	25,016,449.52
Net assets	-455,358.51	-455,358.51	19,640,050.94	7,887,118.48
Less: Non-controlling interests	-	-	-	-
Net assets obtained	-455,358.51	-455,358.51	19,640,050.94	7,887,118.48

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	Goodwill related to the subsidiary in consolidated financial statements
Hainan Haiwei Feed Co., Ltd.	19,638,476.78	100.00	Sale	2019-8-21	Date when payment for equity transfer was received	21,411,361.70	-

(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
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Hainan Haiwei Feed Co., Ltd.	-	-	-	-	-
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Note: On August 20, 2019, Haid Group signed an equity transfer agreement with Haitong Yao, Zhaohui Jie, Zengsheng He, Zhigang Sun (all natural persons), transferring its 100% stake in Hainan Haiwei Feed Co., Ltd. to the latter (52% to Haitong Yao, 16% to Zhaohui Jie, 16% to Zengsheng He and 16% to Zhigang Sun). The transfer was completed when Haid Group received the payment for the transfer on August 21, 2019. As such, Hainan Haiwei Feed Co., Ltd. has been deconsolidated since August 21, 2019.

### (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
Qinnan Yitun	January 2019	RMB 10,000,000.00	Qinzhou, Guangxi Province, China	Qinzhou, Guangxi Province, China
Huayuan Yitun	July 2019	RMB 10,000,000.00	Xiangxi, Hunan Province, China	Xiangxi, Hunan Province, China
Baojing Yitun	November 2019	RMB 10,000,000.00	Baojing, Hunan Province, China	Baojing, Hunan Province, China
Qiaotou Yitun	November 2019	RMB 10,000,000.00	Qingyuan, Guang-dong Province, China	Qingyuan, Guangdong Province, China
Ruyuan Yitun	November 2019	RMB 10,000,000.00	Shaoguan, Guangdong Province, China	Shaoguan, Guangdong Province, China
Hengnan Yitun	December 2019	RMB 10,000,000.00	Hengyang, Hunan Province, China	Hengyang, Hunan Province, China
Haid Egypt Co.,Ltd	October 2019	EGP 2,000,000.00	Egypt	Egypt
Vietnam Haibei Biotechnology Co.,Ltd	January 2019	VND 46.4 billion	Vietnam	Vietnam
PT Hisenor Technology Indonesia	January 2019	USD 2,880,000.00	Indonesia	Indonesia
Zhanjiang Haijingzhou	December 2019	RMB 1,000,000.00	Zhanjiang, Guangdong Province, China	Zhanjiang, Guangdong Province, China
Jingtai Haijingzhou	January 2019	RMB 1,000,000.00	Baiying, Gansu Province, China	Baiying, Gansu Province, China

Subsidiary (abbr.)	Time of incorporation	Registered capital	Place of registration	Principal place of business
Zhangzhou Haijingzhou	April 2019	RMB 1,000,000.00	Zhangzhou, Fujian Province, China	Zhangzhou, Fujian Province, China
Linyi Haiding	January 2019	RMB 2,000,000.00	Linyi, Shandong Province, China	Linyi, Shandong Province, China
Linyi Hedong Haiding	January 2019	RMB 2,000,000.00	Linyi, Shandong Province, China	Linyi, Shandong Province, China
Binzhou Dingxin	June 2019	RMB 3,000,000.00	Binzhou, Shandong Province, China	Binzhou, Shandong Province, China
Junan Haiding	November 2019	RMB 2,000,000.00	Linyi, Shandong Province, China	Linyi, Shandong Province, China
Sihong Haiding	November 2019	RMB 2,000,000.00	Sihong, Jiangsu Province, China	Sihong, Jiangsu Province, China
Linyi Dingxin	November 2019	RMB 1,000,000.00	Linyi, Shandong Province, China	Linyi, Shandong Province, China
Hubei Haililiang	June 2019	RMB 1,000,000.00	Xishui, Hubei Province, China	Xishui, Hubei Province, China
Haidmarino Cia.Ltda	July 2019	USD 100,000.00	Ecuador	Ecuador
Linyi Bairong	August 2019	RMB 1,000,000.00	Linyi, Shandong Province, China	Linyi, Shandong Province, China
Yiyuan Haiying	September 2019	RMB 5,000,000.00	Zibo, Shandong Province, China	Zibo, Shandong Province, China
Zouping Haiying	November 2019	RMB 3,000,000.00	Zouping, Shandong Province, China	Zouping, Shandong Province, China
Huaian Huilong	August 2019	RMB 5,000,000.00	Huaian, Jiangsu Province, China	Huaian, Jiangsu Province, China
Pingnan Haid	January 2019	RMB 5,000,000.00	Pingnan, Guangxi Province, China	Pingnan, Guangxi Province, China
Guangzhou Shunkang	January 2019	RMB 300,000.00	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China
Tianjin Rongchuan	February 2019	RMB 200,000,000.00	Tianjin	Tianjin
Zhanjiang Rongda	April 2019	RMB 5,000,000.00	Zhanjiang, Guangdong Province, China	Zhanjiang, Guangdong Province, China
Huainan Haid	May 2019	RMB 30,000,000.00	Huaina, Anhui Province, China	Huaina, Anhui Province, China

Subsidiary (abbr.)	Time of incorporation	Registered capital	Place of registration	Principal place of business
Maoming Haid	June 2019	RMB 60,000,000.00	Maoming, Guangdong Province, China	Maoming, Guangdong Province, China
Guangzhou Ronghai	June 2019	RMB 10,000,000.00	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China
Zhongshan Ronghai	July 2019	RMB 10,000,000.00	Zhongshan, Guangdong Province, China	Zhongshan, Guangdong Province, China
Guangzhou Rongda	August 2019	RMB 1,000,000.00	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China
Jiangmen Ronghai	November 2019	RMB 1,000,000.00	Jiangmen, Guangdong Province, China	Jiangmen, Guangdong Province, China
Sichuan Rongchuan	July 2019	RMB 5,000,000.00	Meishan, Sichuan Province, China	Meishan, Sichuan Province, China
Yulin Haid	June 2019	RMB 5,000,000.00	Yulin, Guangxi Province, China	Yulin, Guangxi Province, China
Sichuan Haile	June 2019	RMB 30,000,000.00	Chengdu, Sichuan Province, China	Chengdu, Sichuan Province, China
Yichang Zhihai	November 2019	RMB 5,000,000.00	Yichang, Hubei Province, China	Yichang, Hubei Province, China
Guangzhou Xingnong	July 2019	RMB 20,000,000.00	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China
Xinxing Haifeng	August 2019	RMB 5,000,000.00	Yunfu, Guangdong Province, China	Yunfu, Guangdong Province, China
Guangzhou Haiyin	August 2019	RMB 250,000,000.00	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China
Qinzhou Hailong	August 2019	RMB 5,000,000.00	Qinzhou, Guangxi Province, China	Qinzhou, Guangxi Province, China
Deyang Dachuan	August 2019	RMB 5,000,000.00	Deyang, Sichuan Province, China	Deyang, Sichuan Province, China
Hainan Haid	September 2019	RMB 5,000,000.00	Wenchang, Hainan Province, China	Wenchang, Hainan Province, China

Subsidiary (abbr.)	Time of incorporation	Registered capital	Place of registration	Principal place of business
Liuzhou Haid	September 2019	RMB 5,000,000.00	Liuzhou, Guangxi Province, China	Liuzhou, Guangxi Province, China
Zhaoqing Ronghai	October 2019	RMB 10,000,000.00	Zhaoqing, Guangdong Province, China	Zhaoqing, Guangdong Province, China
Gaoan Haid	November 2019	RMB 5,000,000.00	Yichun, Jiangxi Province, China	Yichun, Jiangxi Province, China
Shanggao Haid	December 2019	RMB 5,000,000.00	Shanggao, Jiangxi Province, China	Shanggao, Jiangxi Province, China

## 2. Subsidiaries Deregistered in Current Period

Subsidiary	Way of Equity disposal	Time of Equity disposal	Net assets at the date of disposal	Net profit from 2019/1/1 to the date of disposal
Changzhou Hairong Aquatic Farming Service Specialized Cooperative	Write-off	2019-6-28	-	-
Zoucheng Mulian Zhongxing Ecological Agriculture Technology Co., Ltd.	Write-off	2019-6-20	-	-
Guangzhou Youju Feed Trading Co., Ltd.	Write-off	2019-9-19	-	169,035.43
Guangdong Mutai Biological Technology Co., Ltd.	Write-off	2019-9-12	-	-

## VII Interests in Other Entities

### (I) Interests in Subsidiaries

#### 1. Composition of the Group

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Guangzhou Runchuan	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Investment	100		In a business combination involving enterprises under common control

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Guangzhou Yitun	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Investment and Trading		100	Incorporated
Enping Fengwo	Enping, Guangdong Province, China	Enping, Guangdong Province, China	Production and Sale		92	Incorporated
Yangxi Fengwo	Yangxi, Guangdong Province, China	Yangxi, Guangdong Province, China	Production and Sale		98	Incorporated
Yangdong Fengwo	Yangdong, Guangdong Province, China	Yangdong, Guangdong Province, China	Production and Sale		90	Incorporated
Enping Yitun	Enping, Guangdong Province, China	Enping, Guangdong Province, China	Production and Sale		98	Incorporated
Gaozhou Sanhe	Gaozhou, Guangdong Province, China	Gaozhou, Guangdong Province, China	Production and Sale		100	In a business combination involving enterprises not under common control
Yingde Yitun	Yingde, Guangdong Province, China	Yingde, Guangdong Province, China	Production and Sale		90	Incorporated
Hunan Yitun	Yueyang, Hunan Province, China	Yueyang, Hunan Province, China	Production and Sale		86	Incorporated
Hengyang Jisheng	Hengyang, Hunan Province, China	Hengyang, Hunan Province, China	Production and Sale		100	In a business combination involving enterprises not under common control

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Yueyang Yitun	Yueyang, Hunan Province, China	Yueyang, Hunan Province, China	Production and Sale		92	Incorporated
Qintang Yitun	Guigang, Guangxi Province, China	Guigang, Guangxi Province, China	Production and Sale		100	Incorporated
Pingnan Yitun	Pingnan, Guangxi Province, China	Pingnan, Guangxi Province, China	Production and Sale		100	Incorporated
Pingguo Yitun	Pingguo, Guangxi Province, China	Pingguo, Guangxi Province, China	Production and Sale		100	Incorporated
Guiping Yitun	Guiping, Guangxi Province, China	Guiping, Guangxi Province, China	Production and Sale		100	Incorporated
Hengyang Yitun	Hengyang, Hunan Province, China	Hengyang, Hunan Province, China	Production and Sale		100	Incorporated
Hengshan Yitun	Hengyang, Hunan Province, China	Hengyang, Hunan Province, China	Production and Sale		100	Incorporated
Gangbei Yitun	Guigang, Guangxi Province, China	Guigang, Guangxi Province, China	Production and Sale		100	Incorporated
Duyun Yitun	Duyun, Guizhou Province, China	Duyun, Guizhou Province, China	Production and Sale		100	Incorporated

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Rongjiang Yitun	Rongjiang, Guizhou Province, China	Rongjiang, Guizhou Province, China	Production and Sale		100	Incorporated
Binyang Yitun	Binyang, Guangxi Province, China	Binyang, Guangxi Province, China	Production and Sale		100	Incorporated
Yicheng Yitun	Yicheng, Hubei Province, China	Yicheng, Hubei Province, China	Production and Sale		100	Incorporated
Zixing Yitun	Chenzhou, Hunan Province, China	Chenzhou, Hunan Province, China	Production and Sale		100	Incorporated
Changning Yitun	Hengyang, Hunan Province, China	Hengyang, Hunan Province, China	Production and Sale		100	Incorporated
Guigang Donghuang	Guigang, Guangxi Province, China	Guigang, Guangxi Province, China	Production and Sale		100	In a business combination involving enterprises not under common control
Zhenjiang Yitun	Shaoguan, Guangdong Province, China	Shaoguan, Guangdong Province, China	Production and Sale		100	Incorporated
Shandong Yitun	Yantai, Shandong Province, China	Yantai, Shandong Province, China	Investment		60	Incorporated
Yantai Zhizhuren	Yantai, Shandong Province, China	Yantai, Shandong Province, China	Production and Sale		100	In a business combination involving enterprises not under common control

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Laizhou Zhizhuren	Yantai, Shandong Province, China	Yantai, Shandong Province, China	Production and Sale		100	In a business combination involving enterprises not under common control
Qinzhou Yitun	Qinzhou, Guangxi Zhuang Autonomous Region, China	Qinzhou, Guangxi Zhuang Autonomous Region, China	Production and Sale		100	Incorporated
Feicheng Heruifeng	Tai'an, Shandong Province, China	Tai'an, Shandong Province, China	Production and Sale		80	In a business combination involving enterprises not under common control
Weifang Xuheng	Weifang, Shandong Province, China	Weifang, Shandong Province, China	Production and Sale		100	In a business combination involving enterprises not under common control
Linyi Yitun	Linyi, Shandong Province, China	Linyi, Shandong Province, China	Production and Sale		100	In a business combination involving enterprises not under common control
Gaotang Huayu	Liaocheng, Shandong Province, China	Liaocheng, Shandong Province, China	Production and Sale		100	In a business combination involving enterprises not under common control
Jianong Lianyungang	Lianyungang, Jiangsu Province, China	Lianyungang , Jiangsu Province, China	Production and Sale		82	In a business combination involving enterprises not under common control
Guizhou Aikexin	Qiannan, Guizhou Province, China	Qiannan, Guizhou Province, China	Production and Sale		100	Incorporated



Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Binyang Heji Yitun	Nanning, Guangxi Zhuang Autonomous Region, China	Nanning, Guangxi Zhuang Autonomous Region, China	Production and Sale		100	Incorporated
Shaoyang Yitun	Shaoyang, Hunan Province, China	Shaoyang, Hunan Province, China	Production and Sale		100	Incorporated
Qinzhou Qinnan Yitun	Qinzhou, Guangxi Province, China	Qinzhou, Guangxi Province, China	Production and Sale		100	Incorporated
Huayuan Yitun	Xiangxi, Hunan Province, China	Xiangxi, Hunan Province, China	Production and Sale		100	Incorporated
Baojing Yitun	Baojing, Hunan Province, China	Baojing, Hunan Province, China	Production and Sale		100	Incorporated
Yingde Yitun	Qingyuan, Guangdong Province, China	Qingyuan, Guangdong Province, China	Production and Sale		100	Incorporated
Ruyuan Yitun	Shaoguan, Guangdong Province, China	Shaoguan, Guangdong Province, China	Production and Sale		100	Incorporated
Hengnan Yitun	Hengyang, Hunan Province, China	Hengyang, Hunan Province, China	Production and Sale		100	Incorporated
Guangzhou Haiwei	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Production and Sale	100		In a business combination involving enterprises under common control

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Guangzhou Rongchuan	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Sale	100		In a business combination involving enterprises under common control
Foshan Haihang	Foshan, Guangdong Province, China	Foshan, Guangdong Province, China	Production and Sale	87.5		In a business combination involving enterprises not under common control
Maiming Haihang	Maiming, Guangdong Province, China	Maiming, Guangdong Province, China	Production and Sale		100	Incorporated
Guangzhou Dachuan	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Production and Sale	100		In a business combination involving enterprises under common control
Hubei Haid	Wuhan, Hubei Province, China	Wuhan, Hubei Province, China	Production and Sale	100		In a business combination involving enterprises under common control
Guangdong Hinter	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Production and Sale	97	3	Incorporated
Guangzhou Haishengyuan	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Trading		100	Incorporated
Guangzhou Mutai	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Sale		100	Incorporated
Guangzhou Haiyiyuan	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Trading		100	Incorporated

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Shanxi Haid	Yangling, Shanxi Province, China	Yangling, Shanxi Province, China	Production and Sale	67		Incorporated
Yangling Haid	Yangling, Shaanxi Province, China	Yangling, Shaanxi Province, China	Production and Sale		100	Incorporated
Gansu Haid	Lanzhou, Gansu Province, China	Lanzhou, Gansu Province, China	Production and Sale		100	Incorporated
Weinan Haid	Weinan, Shaanxi Province, China	Weinan, Shaanxi Province, China	Production and Sale		100	Incorporated
Hunan Haid	Changde, Hunan Province, China	Changde, Hunan Province, China	Production and Sale	100		Incorporated
Guangzhou Haihe	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Sale	100		Incorporated
Liaocheng Haixin	Liaocheng, Shandong Province, China	Liaocheng, Shandong Province, China	Management consulting		100	Incorporated
Anyang Haiyue	Tangyin, Henan Province, China	Tangyin, Henan Province, China	Management consulting		100	Incorporated
Zoucheng Haiyue	Zoucheng, Shandong Province, China	Zoucheng, Shandong Province, China	Management consulting		100	Incorporated

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Yinan Haiyue	Yinan, Shandong Province, China	Yinan, Shandong Province, China	Management consulting		100	Incorporated
Lanzhou Haid	Lanzhou, Gansu Province, China	Lanzhou, Gansu Province, China	Production and Sale		100	Incorporated
Foshan Haipu	Foshan, Guangdong Province, China	Foshan, Guangdong Province, China	Sale	87.5		Incorporated
Qingyuan Haibei	Qingyuan, Guangdong Province, China	Qingyuan, Guangdong Province, China	Production and Sale	100		Incorporated
Qingyuan Hailong	Qingyuan, Guangdong Province, China	Qingyuan, Guangdong Province, China	Production and Sale		100	Incorporated
Zhanjiang Haid	Zhanjiang, Guangdong Province, China	Zhanjiang, Guangdong Province, China	Production and Sale	100		Incorporated
Jiangmen Haid	Jiangmen, Guangdong Province, China	Jiangmen, Guangdong Province, China	Production and Sale	100		Incorporated
Chengdu Haid	Xinjin, Sichuan Province, China	Xinjin, Sichuan Province, China	Production and Sale	100		Incorporated
Taizhou Haid	Xinghua, Jiangsu Province, China	Xinghua, Jiangsu Province, China	Production and Sale	100		Incorporated

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Jingzhou Haid	Jingzhou, Hubei Province, China	Jingzhou, Hubei Province, China	Production and Sale	100		Incorporated
Ezhou Haid	Ezhou, Hubei Province, China	Ezhou, Hubei Province, China	Production and Sale		100	Incorporated
Dongguan Haid	Dongguan, Guangdong Province, China	Dongguan, Guangdong Province, China	Production and Sale	100		In a business combination involving enterprises not under common control
Fujian Haid	Changtai, Fujian Province, China	Changtai, Fujian Province, China	Production and Sale	100		Incorporated
Zhejiang Haid	Shaoxing, Zhejiang Province, China	Shaoxing, Zhejiang Province, China	Production and Sale	100		Incorporated
Shaoxing Haid	Shaoxing, Zhejiang Province, China	Shaoxing, Zhejiang Province, China	Production and Sale		100	Incorporated
Guangxi Haid	Qinzhou, Guangxi Zhuang Autonomous Region, China	Qinzhou, Guangxi Zhuang Autonomous Region, China	Production and Sale	100		Incorporated
Kinghill Holdings	Singapore	Singapore	Investment	100		Incorporated
Kinghill Pte.	Singapore	Singapore	Investment		100	Incorporated
Haid Egypt Co.,Ltd	Egypt	Egypt	Production and Sale		100	Incorporated
Kinghill Resources	Singapore	Singapore	Investment		100	Incorporated

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Vietnam Haibei Biotechnology Co., Ltd	Vietnam	Vietnam	Production and Sale		100	Incorporated
Kinghill Agri	Singapore	Singapore	Investment		100	Incorporated
Haida Indonesia	Indonesia	Indonesia	Production and Sale		100	Incorporated
Haida Surabaya	Indonesia	Indonesia	Trading		100	Incorporated
PT Hisenor Technology Indonesia	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
Zhanjiang Haijingzhou	Zhanjiag, Guangdong Province, China	Zhanjiag, Guangdong Province, China	Production and Sale		100	Incorporated
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	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Jingtai Haijingzhou	Baiying, Gansu Province, China	Baiying, Gansu Province, China	Production and Sale		55	Incorporated
Zhangzhou Haijingzhou	Zhangzhou, Fujian Province, China	Zhangzhou, Fujian Province, China	Production and Sale		100	Incorporated
Rongcheng Rongchuan	Rongcheng, Shandong Province, China	Rongcheng, Shandong Province, China	Production and Sale		100	Incorporated
Rongcheng Yandunjiao	Weihai, Shandong Province, China	Weihai, Shandong Province, China	Production and Sale		51	In a business combination involving enterprises not under common control
Fujian Haidsun	Nanping, Fujian Province, China	Nanping, Fujian Province, China	Production and Sale		50	Incorporated
Pucheng Haidsun	Pucheng, Fujian Province, China	Pucheng, Fujian Province, China	Production and Sale		50	Incorporated
Xiyu Haihua	Urumqi, Xinjiang Autonomous Region, China	Urumqi, Xinjiang Autonomous Region, China	Trading		51	Incorporated
Jinzhou Zhengyuan	Jinzhou, Liaoning Province, China	Jinzhou, Liaoning Province, China	Trading		100	Incorporated
Yingkou Fengmu	Yingkou, Liaoning Province, China	Yingkou, Liaoning Province, China	Trading		100	Incorporated

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Guangzhou Haiyou	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Trading		100	Incorporated
Xinjiang Ruiliheng	Alaer, Xinjiang, China	Alaer, Xinjiang, China	Production and Sale		50	In a business combination involving enterprises not under common control
Alaer Ruitai	Alaer, Xinjiang, China	Alaer, Xinjiang, China	Management consulting		100	In a business combination involving enterprises not under common control
Ningbo Fengmu	Ningbo, Zhejiang Province, China	Ningbo, Zhejiang Province, China	Trading		100	Incorporated
Maoming Hailong	Maoming, Guangdong Province, China	Maoming, Guangdong Province, China	Production and Sale	100		Incorporated
Nanchang Haid	Nanchang, Jiangxi Province, China	Nanchang, Jiangxi Province, China	Production and Sale	100		Incorporated
Zhuhai Rongchuan	Zhuhai, Guangdong Province, China	Zhuhai, Guangdong Province, China	Production and Sale	100		Incorporated
Jieyang Haid	Jieyang, Guangdong Province, China	Jieyang, Guangdong Province, China	Production and Sale		100	Incorporated
Sanshuifanling	Foshan, Guangdong Province, China	Foshan, Guangdong Province, China	Production and Sale	100		In a business combination involving enterprises not under common control



Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Dalian Haid	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	Trading		100	Incorporated
Rickworth	Hong Kong	British Virgin Islands	Investment		100	Incorporated
Hong Kong Longreat	Hong Kong	Hong Kong	Trading		100	Incorporated
Dong Nai Haid	Dong Nai, Vietnam	Vietnam	Production and Sale		100	Incorporated
Dancl	Hong Kong	Hong Kong	Trading		100	Incorporated
Panasia Trading	Hong Kong	British Virgin Islands	Investment		80	In a business combination involving enterprises not under common control
Sheng Long International	Hong Kong	British Virgin Islands	Investment		100	In a business combination involving enterprises not under common control
Sheng Long Bio-Tech	Long An, Vietnam	Long An, Vietnam	Production and Sale		100	In a business combination involving enterprises not under common control
Long Sheng International	Khanh Hoa, Vietnam	Khanh Hoa, Vietnam	Production and Sale		100	In a business combination involving enterprises not under common control
Hisenor International	Hong Kong	British Virgin Islands	Investment		100	Incorporated

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Hisenor Vietnam	Ninh Thuan, Vietnam	Ninh Thuan, Vietnam	Production and Sale		100	In a business combination involving enterprises not under common control
Kembang Subur International	Malaysia	Malaysia	Investment		100	In a business combination involving enterprises not under common control
Namduong Vietnam	Vietnam	Vietnam	Production and Sale		100	In a business combination involving enterprises not under common control
Sheng Long Malaysia	Malaysia	Malaysia	Production and Sale		100	Incorporated
Sheng Long Aquatic Malaysia	Malaysia	Malaysia	Production and Sale		100	Incorporated
Nano	Hong Kong	British Virgin Islands	Investment		100	Incorporated
Oceanic	Hong Kong	British Virgin Islands	Investment		100	Incorporated
Power Spring	Hong Kong	British Virgin Islands	Investment		100	Incorporated
Link	Hong Kong	British Virgin Islands	Investment		100	Incorporated
Changzhou Haid	Liyang, Jiangsu Province, China	Liyang, Jiangsu Province, China	Production and Sale	100		Incorporated
Tianjin Haid	Tianjin, China	Tianjin, China	Production and Sale	97	3	Incorporated

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
A&T Xinhui	Jiangmen, Guangdong Province, China	Jiangmen, Guangdong Province, China	Production and Sale	80		In a business combination involving enterprises not under common control
Tianmen Haid	Tianmen, Hubei Province, China	Tianmen, Hubei Province, China	Production and Sale	100		Incorporated
Zhuhai Hailong	Zhuhai, Guangdong Province, China	Zhuhai, Guangdong Province, China	Production and Sale	100		Incorporated
Yangjiang Haid	Yangjiang, Guangdong Province, China	Yangjiang, Guangdong Province, China	Production and Sale	100		Incorporated
Guigang Haid	Guigang, Guangxi Province, China	Guigang, Guangxi Province, China	Production and Sale	100		Incorporated
Yiyang Haid	Yiyang, Hunan Province, China	Yiyang, Hunan Province, China	Production and Sale	99	1	Incorporated
Nantong Haid	Nantong, Jiangsu Province, China	Nantong, Jiangsu Province, China	Production and Sale	100		Incorporated
Yunnan Haid	Kunming, Yunnan Province, China	Kunming, Yunnan Province, China	Production and Sale	100		Incorporated
Guangzhou Hailong	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Production and Sale	60		Incorporated

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Zhaoqing Haid	Gaoyao, Guangdong Province, China	Gaoyao, Guangdong Province, China	Production and Sale	60		Incorporated
Wuhan Aquaera	Ezhou, Hubei Province, China	Ezhou, Hubei Province, China	Production and Sale	100		Incorporated
Shenzhen Longreat	Shenzhen, Guangdong Province, China	Shenzhen, Guangdong Province, China	Trading	70		Incorporated
Lanking	Singapore	Singapore	Trading	100		Incorporated
Lanking America	The U.S.	The U.S.	Trading		100	Incorporated
Lanking Nemo	Singapore	Singapore	Investment		80	Incorporated
Sheng Long India	India	India	Investment		100	Incorporated
Lanking Rickworth	Singapore	Singapore	Investment		100	Incorporated
Lanking Nano	Singapore	Singapore	Investment		100	Incorporated
Hai Duong Haid	Hai Duong, Vietnam	Vietnam	Production and Sale		100	Incorporated
Hai Dai Company Limited	Vietnam	Vietnam	Production and Sale		100	Incorporated
Vinh Long Hai Dai	Vietnam	Vietnam	Production and Sale		100	Incorporated
Dongting Haid	Dongting, Hunan Province, China	Dongting, Hunan Province, China	Production and Sale	100		Incorporated
Zhangzhou Haid	Zhangzhou, Fujian Province, China	Zhangzhou, Fujian Province, China	Production and Sale	60		Incorporated

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Anhui Haid	Chizhou, Anhui Province, China	Chizhou, Anhui Province, China	Production and Sale	100		Incorporated
Xiangtan Haid	Xiangtan, Hunan Province, China	Xiangtan, Hunan Province, China	Production and Sale	100		Incorporated
Changsheng Logistics	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Transport service and trading	100		Incorporated
Guangzhou Cangyouliang	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Trading		100	Incorporated
Guangzhou Zhongcangsheng	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Trading		51	Incorporated
Guangzhou Danong	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Investment	100		Incorporated
Dingtao Hairong	Dingtao, Shandong Province, China	Dingtao, Shandong Province, China	Management consulting		90.01	Incorporated
Chengnan Hairong	Jingzhou, Hubei Province, China	Jingzhou, Hubei Province, China	Management consulting		90	Incorporated
Guigang Hairong	Guigang, Guangxi Province, China	Guigang, Guangxi Province, China	Management consulting		90	Incorporated

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Zhangzhou Hairong	Zhangzhou, Fujian Province, China	Zhangzhou, Fujian Province, China	Management consulting		90	Incorporated
Guangzhou Haifengchang	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Investment	100		Incorporated
Wuhan Zeyi	Wuhan, Hubei Province, China	Wuhan, Hubei Province, China	Investment	100		Incorporated
Shandong Haiding	Heze, Shandong Province, China	Heze, Shandong Province, China	Sale	55		Incorporated
Suixian Haiding	Shangqiu, Henan Province, China	Shangqiu, Henan Province, China	Production and Sale		41	Incorporated
Yuncheng Haiding	Heze, Shandong Province, China	Heze, Shandong Province, China	Production and Sale		50	Incorporated
Heze Haiding Commercial & Trading	Heze, Shandong Province, China	Heze, Shandong Province, China	Sale		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

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
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	Heze, Shandong Province, China	Heze, Shandong Province, China	Production and Sale		100	Incorporated
Jining Haiding	Zoucheng, Shandong Province, China	Zoucheng, Shandong Province, China	Production and Sale		90	Incorporated
Feixian Hairuida	Linyi, Shandong Province, China	Linyi, Shandong Province, China	Production and Sale		100	Incorporated
Yinan Haiding	Linyi, Shandong Province, China	Linyi, Shandong Province, China	Production and Sale		100	Incorporated
Liaocheng Food	Donge, Shandong Province, China	Donge, Shandong Province, China	Trading		100	Incorporated
Qufu Haiding	Qufu, Shandong Province, China	Qufu, Shandong Province, China	Sale		92	Incorporated

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Tengzhou Fengcheng	Zaozhuang, Shandong Province, China	Zaozhuang, Shandong Province, China	Production and Sale		100	Incorporated
Binzhou Haiding	Binzhou, Shandong Province, China	Binzhou, Shandong Province, China	Sale		100	Incorporated
Jining Fengcheng	Jining, Shandong Province, China	Jining, Shandong Province, China	Production and Sale		100	Incorporated
Dong'e Dingxin	Dong'e, Shandong Province, China	Dong'e, Shandong Province, China	Production and Sale		51	Incorporated
Heze Haiding Farming	Heze, Shandong Province, China	Heze, Shandong Province, China	Production and Sale		100	Incorporated
Linyi Haiding	Linyi, Shandong Province, China	Linyi, Shandong Province, China	Production and Sale		75	Incorporated
Linyi Hedong Haiding	Linyi, Shandong Province, China	Linyi, Shandong Province, China	Production and Sale		75	Incorporated
Binzhou Dingxin	Binzhou, Shandong Province, China	Binzhou, Shandong Province, China	Production and Sale		80	Incorporated
Junan Haiding	Linyi, Shandong Province, China	Linyi, Shandong Province, China	Production and Sale		90	Incorporated



Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Sihong Haiding	Sihong, Jiangsu Province, China	Sihong, Jiangsu Province, China	Production and Sale		100	Incorporated
Linyi Dingxin	Linyi, Shandong Province, China	Linyi, Shandong Province, China	Production and Sale		90	Incorporated
Xishui Haid	Huanggang, Hubei Province, China	Huanggang, Hubei Province, China	Production and Sale	100		Incorporated
Hubei Haililiang	Xishui, Hubei Province, China	Xishui, Hubei Province, China	Sale		100	Incorporated
Yancheng Haid	Yancheng, Jiangsu Province, China	Yancheng, Jiangsu Province, China	Production and Sale	100		Incorporated
Honghu Haid	Honghu, Hubei Province, China	Honghu, Hubei Province, China	Production and Sale	100		Incorporated
Kaifeng Haid	Kaifeng, Henan Province, China	Kaifeng, Henan Province, China	Production and Sale	100		In a business combination involving enterprises not under common control
Guangzhou Heshengtang Biotechnology	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Production and Sale	100		In a business combination involving enterprises not under common control
Guangzhou Heshengtang Pharmaceutical	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Production and Sale	100		In a business combination involving enterprises not under common control

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Haid Livestock Veterinary Research Institute	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Research and Trading	100		In a business combination involving enterprises not under common control
Henai Haihe	Luoyang, Henan Province, China	Luoyang, Henan Province, China	Production and Sale	67		Incorporated
Xuchang Haihe	Yuzhou, Henan Province, China	Yuzhou, Henan Province, China	Production and Sale		100	Incorporated
Anyang Haihe	Tangyin, Henan Province, China	Tangyin, Henan Province, China	Production and Sale		100	Incorporated
Jiyuan Haihe	Jiyuan, Henan Province, China	Jiyuan, Henan Province, China	Production and Sale		80	Incorporated
Suqian Haid	Siyang, Jiangsu Province, China	Siyang, Jiangsu Province, China	Production and Sale	100		Incorporated
Huaihua Haid	Huaihua, Hunan Province, China	Huaihua, Hunan Province, China	Production and Sale	100		Incorporated
Guangzhou Meinong	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Investment	100		Incorporated
Haid Ecuador	Ecuador	Ecuador	Production and Sale		95	Incorporated
Haidmarino Cia.Ltda	Ecuador	Ecuador	Production and Sale		51	Incorporated

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Guangdong Hairuite	Qingyuan, Guangdong Province, China	Qingyuan, Guangdong Province, China	Sale	100		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		100	Incorporated
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
Linyi Bairong	Linyi, Shandong Province, China	Linyi, Shandong Province, China	Production and Sale		100	Incorporated
Hunan Innovation	Hengyang, Hunan Province, China	Hengyang, Hunan Province, China	Production and Sale	65		In a business combination involving enterprises not under common control
Guangzhou Haishengke	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Investment	100		Incorporated

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
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
Qingyuan Hainong	Qingyuan, Guangdong Province, China	Qingyuan, Guangdong Province, China	Production and Sale		100	Incorporated
Xuancheng Haid	Xuancheng, Anhui Province, China	Xuancheng, Anhui Province, China	Production and Sale	100		Incorporated
Shunde Haid	Shunde, Guangdong Province, China	Shunde, Guangdong Province, China	Sale	100		Incorporated
Jiaxing Haid	Jiaxing, Zhejiang Province, China	Jiaxing, Zhejiang Province, China	Production and Sale	80		In a business combination involving enterprises not under common control
Shijiazhuang Weike	Jinzhou, Hebei Province, China	Jinzhou, Hebei Province, China	Production and Sale	70		In a business combination involving enterprises not under common control
Chongqing Haid	Chongqing, China	Chongqing, China	Production and Sale	100		Incorporated
Shenyang Haid	Shenyang, Liaoning Province, China	Shenyang, Liaoning Province, China	Production and Sale	85		Incorporated

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Jiangsu Haihe	Xuzhou, Jiangsu Province, China	Xuzhou, Jiangsu Province, China	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	Xuzhou, Jiangsu Province, China	Xuzhou, Jiangsu Province, China	Production and Sale		100	Incorporated
Anshan Dachuan	Anshan, Liaoning Province, China	Anshan, Liaoning Province, China	Sale	100		Incorporated
Guangzhou Haiyuan Factoring	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Factoring	100		Incorporated
Heze Hairong	Heze, Shandong Province, China	Heze, Shandong Province, China	Management consulting		20	Incorporated
Haid Pet	Weihai, Shandong Province, China	Weihai, Shandong Province, China	Sale	100		Incorporated
Weihai Pet	Rongcheng, Shandong Province, China	Rongcheng, Shandong Province, China	Production and Sale		100	Incorporated

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Qijing Zhihai	Qijing, Yunnan Province, China	Qijing, Yunnan Province, China	Production and Sale	100		Incorporated
Dali Haiwang	Dali, Yunnan Province, China	Dali, Yunnan Province, China	Production and Sale		70	Incorporated
Yibin Zhihai	Yibin, Sichuan Province, China	Yibin, Sichuan Province, China	Production and Sale	100		Incorporated
Guiyang Zhihai	Guiyang, Guizhou Province, China	Guiyang, Guizhou Province, China	Production and Sale		70	Incorporated
Yichang Zhihai	Yichang, Hubei Province, China	Yichang, Hubei Province, China	Sale		72	Incorporated
Meishan Zhihai	Meishan, Sichuan Province, China	Meishan, Sichuan Province, China	Sale		83	Incorporated
Ganzhou Haid	Ganzhou, Jiangxi Province, China	Ganzhou, Jiangxi Province, China	Production and Sale	60		Incorporated
Foshan Haid	Foshan, Guangdong Province, China	Foshan, Guangdong Province, China	Production and Sale	60		Incorporated
Guangzhou Zecan	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Investment	100		Incorporated

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Guangzhou Punong	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Investment	100		Incorporated
Shandong Fengying	Qufu, Shandong Province, China	Qufu, Shandong Province, China	Investment		66	Incorporated
Jiaxiang Haiying	Jining, Shandong Province, China	Jining, Shandong Province, China	Slaughtering service		90	Incorporated
Linxi Haiying	Xingtai, Hebei Province, China	Xingtai, Hebei Province, China	Slaughtering service		90	Incorporated
Yiyuan Haiying	Zibo, Shandong Province, China	Zibo, Shandong Province, China	Slaughtering service		62	Incorporated
Zouping Haiying	Zouping, Shandong Province, China	Zouping, Shandong Province, China	Slaughtering service		75	Incorporated
Guangzhou Yuannong	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Investment	100		Incorporated
Guangdong Haid Poverty Alleviation	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Commercial service	100		Incorporated
Liyang Jiuhe	Liyang, Jiangsu Province, China	Liyang, Jiangsu Province, China	Production and Sale	80		In a business combination involving enterprises not under common control

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Shaoguan Haid	Shaoguan, Guangdong Province, China	Shaoguan, Guangdong Province, China	Production and Sale	100		Incorporated
Shandong Daxin	Qingdao, Shandong Province, China	Qingdao, Shandong Province, China	Investment and trading	60		In a business combination involving enterprises not under common control
Qingdao Daxin	Qingdao, Shandong Province, China	Qingdao, Shandong Province, China	Production and Sale		100	In a business combination involving enterprises not under common control
Qingdao Huaxin	Qingdao, Shandong Province, China	Qingdao, Shandong Province, China	Production and Sale		100	In a business combination involving enterprises not under common control
Weifang Daxin	Qingzhou, Shandong Province, China	Qingzhou, Shandong Province, China	Production and Sale		100	In a business combination involving enterprises not under common control
Yantai Daxin	Yantai, Shandong Province, China	Yantai, Shandong Province, China	Production and Sale		100	In a business combination involving enterprises not under common control
Linyi Yihe	Tancheng, Shandong Province, China	Tancheng, Shandong Province, China	Production and Sale		100	In a business combination involving enterprises not under common control
Jiangsu Daxin	Huaiyin, Jiangsu Province, China	Huaiyin, Jiangsu Province, China	Production and Sale		100	In a business combination involving enterprises not under common control
Shandong Daxin Agriculture and Animal Husbandry	Weifang, Shandong Province, China	Weifang, Shandong Province, China	Production and Sale		100	In a business combination involving enterprises not under common control



Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Qingdao Zhizhuxia	Qingdao, Shandong Province, China	Qingdao, Shandong Province, China	Sale		100	In a business combination involving enterprises not under common control
Liaocheng Daxin	Liaocheng, Shandong Province, China	Liaocheng, Shandong Province, China	Production and Sale		100	Incorporated
Huai'an Hailong	Huai'an, Jiangsu Province, China	Huai'an, Jiangsu Province, China	Production and Sale	100		Incorporated
Hunan Jinhuilong	Yueyang, Hunan Province, China	Yueyang, Hunan Province, China	Investment	51		In a business combination involving enterprises not under common control
Yueyang Jinhuilong	Yueyang, Hunan Province, China	Yueyang, Hunan Province, China	Production and Sale		65	In a business combination involving enterprises not under common control
Jiaozuo Jinhuilong	Jiaozuo, Henan Province, China	Jiaozuo, Henan Province, China	Production and Sale		65	In a business combination involving enterprises not under common control
Shijiazhuang Huilong	Shijiazhuang, Hebei Province, China	Shijiazhuang , Hebei Province, China	Production and Sale		65	In a business combination involving enterprises not under common control
Handan Huilong	Handan, Hebei Province, China	Handan, Hebei Province, China	Production and Sale		65	In a business combination involving enterprises not under common control
Huai'an Huilong	Huai'an, Jiangsu Province, China	Huai'an, Jiangsu Province, China	Sale		100	Incorporated

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Fuzhou Haid	Fuzhou, Fujian Province, China	Fuzhou, Fujian Province, China	Production and Sale	100		Incorporated
Gaoyao Haid	Gaoyao, Zhaoqing, Guangdong Province, China	Gaoyao, Zhaoqing, Guangdong Province, China	Production and Sale	100		Incorporated
Nanning Haid	Nanning, Guangxi Zhuang Autonomous Region, China	Nanning, Guangxi Zhuang Autonomous Region, China	Production and Sale	100		Incorporated
Ganzhou Hailong	Ganzhou, Jiangxi Province, China	Ganzhou, Jiangxi Province, China	Production and Sale	100		Incorporated
Yancheng Dachuan	Yancheng, Jiangsu Province, China	Yancheng, Jiangsu Province, China	Production and Sale	100		Incorporated
Guangzhou Haiyuan Micro-Credit	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Micro-credit service	100		Incorporated
Guangdong Haid Biological Technology	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Research and Trading	100		Incorporated
Jiangmen Rongchuan	Jiangmen, Guangdong Province, China	Jiangmen, Guangdong Province, China	Production and Sale	100		Incorporated

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Chongqing Zhihai	Kaizhou, Chongqing Municipality, China	Kaizhou, Chongqing Municipality, China	Sale	80		Incorporated
Meizhou Haid	Meizhou, Guangdong Province, China	Meizhou, Guangdong Province, China	Production and Sale	100		Incorporated
Yicheng Haid	Xiangyang, Hubei Province, China	Xiangyang, Hubei Province, China	Production and Sale	100		Incorporated
Heshan Ronghai	Jiangmen, Guangdong Province, China	Jiangmen, Guangdong Province, China	Production and Sale	100		Incorporated
Hexian Haid	Ma'anshan, Anhui Province, China	Ma'anshan, Anhui Province, China	Research and Trading	100		Incorporated
Pingnan Haid	Pingnan, Guangxi Province, China	Pingnan, Guangxi Province, China	Sale	100		Incorporated
Guangzhou Shunkang	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Sale	100		Incorporated
Tianjin Rongchuan	Tianjin	Tianjin	Production and Sale	70		Incorporated
Zhanjiang Rongda	Zhanjiang, Guangdong Province, China	Zhanjiang, Guangdong Province, China	Sale	100		Incorporated
Huainan Haid	Huainan, Anhui Province, China	Huainan, Anhui Province, China	Production and Sale	100		Incorporated

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Maoming Haid	Maoming, Guangdong Province, China	Maoming, Guangdong Province, China	Sale	75	25	Incorporated
Guangzhou Ronghai	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Investment	100		Incorporated
Zhongshan Ronghai	Zhongshan, Guangdong Province, China	Zhongshan, Guangdong Province, China	Production and Sale		80	Incorporated
Guangzhou Rongda	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Production and Sale		70	Incorporated
Jiangmen Ronghai	Jiangmen, Guangdong Province, China	Jiangmen, Guangdong Province, China	Production and Sale		100	Incorporated
Sichuan Rongchuan	Meishan, Sichuan Province, China	Meishan, Sichuan Province, China	Production and Sale	100		Incorporated
Yulin Haid	Yulin, Guangxi Province, China	Yulin, Guangxi Province, China	Production and Sale	100		Incorporated
Sichuan Haile	Chengdu, Sichuan Province, China	Chengdu, Sichuan Province, China	Investment and sale	55		Incorporated
Yichang Zhihai	Yichang, Hubei Province, China	Yichang, Hubei Province, China	Production and Sale		72	Incorporated

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Guangzhou Xingnong	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Investment	100		Incorporated
Xinxing Haifeng	Yunfu, Guangdong Province, China	Yunfu, Guangdong Province, China	Production and Sale		100	Incorporated
Sihui Haifeng	Zhaoqing, Guangdong Province, China	Zhaoqing, Guangdong Province, China	Production and Sale		100	Incorporated
Qingyuan Ronghai	Qingyuan, Guangdong Province, China	Qingyuan, Guangdong Province, China	Production and Sale	96.67	3.33	In a business combination involving enterprises not under common control
Guangzhou Haiyin	Guangzhou, Guangdong Province, China	Guangzhou, Guangdong Province, China	Financing guarantee	100		Incorporated
Qinzhou Hailong	Qinzhou, Guangxi Province,China	Qinzhou, Guangxi Province,China	Production and Sale	100		Incorporated
Deyang Dachuan	Deyang, Sichuan Province, China	Deyang, Sichuan Province, China	Production and Sale	100		Incorporated
Hainan Haid	Wenchang, Hainan Province, China	Wenchang, Hainan Province, China	Production and Sale	100		Incorporated
Liuzhou Haid	Liuzhou, Guangxi Province, China	Liuzhou, Guangxi Province, China	Production and Sale	100		Incorporated

Subsidiary (abbr.)	Principal place of business	Place of registration	Nature of business	The Group's interest (%)		How subsidiary was obtained
				Direct	Indirect	
Jiangsu Dachuan	Huai'an Jiangsu Province, China	Huai'an Jiangsu Province, China	Production and Sale	100		In a business combination involving enterprises not under common control
Zhaoqing Ronghai	Zhaoqing, Guangdong Province, China	Zhaoqing, Guangdong Province, China	Production and Sale	100		Incorporated
Gaoan Haid	Yichun, Jiangxi Province, China	Yichun, Jiangxi Province, China	Production and Sale	100		Incorporated
Shanggao Haid	Shanggao, Jiangxi Province, China	Shanggao, Jiangxi Province, China	Production and Sale	100		Incorporated

Note 1: Shandong Haiding previously held a 100% interest in Liaocheng Haiding. In May 2019, Genqiang Zheng (natural person) acquired, at the price of RMB 160,000.00, 8% stake in Liaocheng Haiding from Shandong Haiding. As such, Shandong Haiding's holding in Liaocheng Haiding decreased to 92%.

Note 2: Guangzhou Meinong previously held an 85% stake in Haid (Ecuador) Feed Cia.Ltda, and the non-controlling shareholder Zhiping Wang held the remaining 15% stake. In May 2019, Guangzhou Meinong and Liang Fang (natural persons) acquired 10% and 5% stakes in Haid (Ecuador) Feed Cia.Ltda from non-controlling shareholders Zhiping Wang at the price of USD 10,000.00 (Equivalent to RMB 68,992.00) and USD 5,000.00 (Equivalent to RMB 34,496.00) respectively. As such, Guangzhou Meinong's holding in Haid (Ecuador) Feed Cia.Ltda increased to 95%.

Note 3: Hunan Jinhuilong previously held a 76.70% stake in Jiangsu Dachuan, and the non-controlling shareholders Yiguo Xiao held the remaining 23.30% stake. In September 2019, Guangdong Haid acquired all the remaining stakes from Hunan Jinhuilong and Yiguo Xiao at the price of RMB 18,848,400.00 and 5,725,800.00 respectively. As such, Guangdong Haid's holding in Jiangsu Dachuan increased to 100%.

## 2. Major Non-Wholly-Owned Subsidiaries

(RMB '0,000)

<b>Subsidiary (abbr.)</b>	<b>Non-controlling interests (%)</b>	<b>Profit/Loss of Current Period attributable to non-controlling interests</b>	<b>Dividends declared for non-controlling interests for Current Period</b>	<b>Closing balance of non-controlling interests</b>
Foshan Haihang	12.50	109.15	343.23	331.80
Panasia Trading	20.00	3,277.73	790.01	8,850.88
Shandong Haiding	45.00	3,521.30	399.56	6,005.22
Shandong Daxin	40.00	1,555.80	-	13,532.92

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

(RMB '0,000)

Subsidiary (abbr.)	2019.12.31						2018.12.31					
	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	6,177.48	6,477.52	12,655.00	7,714.52	2,286.12	10,000.63	10,875.98	2,490.15	13,366.13	8,848.06	6.98	8,855.04
Panasia Trading	87,244.02	38,438.28	125,682.31	78,937.20	-	78,937.20	69,406.37	24,007.48	93,413.85	59,773.83	-	59,773.83
Shandong Haiding	44,685.58	24,763.34	69,448.92	57,639.62	631.94	58,271.56	31,603.15	19,698.81	51,301.96	45,864.53	393.87	46,258.40
Shandong Daxin	22,389.04	19,950.00	42,339.04	6,093.60	2,438.10	8,531.69	16,279.12	21,954.17	38,233.29	5,639.00	2,675.86	8,314.86

(Continued)

Subsidiary (abbr.)	2019				2018			
	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	106,348.46	873.18	873.18	7,589.11	105,383.72	1,214.12	1,214.12	458.30
Panasia Trading	225,150.16	16,388.63	16,336.05	22,946.00	182,474.23	11,361.02	11,361.02	10,438.44
Shandong Haiding	500,189.22	6,820.77	6,820.77	9,847.38	362,727.43	2,262.95	2,262.95	4,961.48
Shandong Daxin	88,764.08	3,887.85	3,887.85	505.63	100,746.58	4,335.51	4,335.51	4,218.14



#### 4. 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

Item	Liaocheng Haiding	Haid (Ecuador) Feed Cia.Ltda.	Lanzhou Haid
Costs of purchase	160,000.00	68,992.00	0.33
--Cash	160,000.00	68,992.00	0.33
--Fair value of non-cash assets	-	-	-
Total costs of purchase	<b>160,000.00</b>	<b>68,992.00</b>	<b>0.33</b>
Less: Share of subsidiaries' net assets relevant to equity interests purchased/disposal	-146,721.52	-155,484.57	-934,004.60
Difference	<b>306,721.52</b>	<b>-224,476.57</b>	<b>-934,004.93</b>
Including: Adjustment to capital reserves	306,721.52	-224,476.57	-934,004.93

#### (II) Interests in Associates

##### 1. Financial Information of Insignificant Associates Combined

Item	2019.12.31	2018.12.31
Associates:		
Aggregated carrying value of investments	62,614,691.35	38,614,535.85
Aggregate of the following items calculated in proportion to shareholding		
--Net income	13,126,533.86	6,144,272.91
--Other comprehensive income	-	-
--Total comprehensive income	13,126,533.86	6,144,272.91

#### VIII Risks Management of Financial Instruments

The Group's main financial instruments include monetary funds, bills receivable, accounts receivable, other receivables, non-current assets due within one year, loans and advances, transactional financial assets, debt investment, other non-current financial assets, long-term receivables, accounts payable, other payables, short-term borrowings, transactional financial liabilities, non-current liabilities due within one year, long-term borrowings, and long-term payables. The details of various financial instruments have been disclosed in the relevant notes. The risks associated with these financial instruments and the risk

management policies adopted by the Group to reduce these risks are described below. The management of the Group manages and monitors these risk exposures to ensure that the above risks are controlled within a limited range.

#### Objectives and Policies of Risk Management

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.

The main risks caused by the Group's financial instruments are credit risk, liquidity risk, and market risk (including exchange rate risk, interest rate risk, and commodity price risk).

The Board of Directors is responsible for planning and establishing the Group's risk management structure, formulating the Group's risk management policies and related guidelines, and supervising the implementation of risk management measures. The Group has formulated risk management policies to identify and analyze the risks faced by the Group. These risk management policies specify specific risks and cover many aspects such as management of market risk, credit risk and liquidity risk. The Group regularly assesses changes in the market environment and the Group's operating activities to decide whether to update the risk management policies and systems. The internal audit department of the Group conducts regular verifications on risk management controls and procedures, and reports results to the audit committee of the Group.

The Group diversifies the risks of financial instruments through appropriate diversified investments and business portfolios, and reduces the risk of concentration in a single industry, specific region, or specific counterparty by formulating appropriate risk management policies.

#### 1. Credit Risk

Credit risk refers to the risk that the counterparty fails to fulfill its contractual obligations, resulting in financial losses to the Group.

The Group manages credit risk by portfolio. Credit risk mainly arises from deposits, bills receivable, accounts receivable, other receivables, etc.

The Group's deposits are mainly within financial institutions with good reputation and high credit ratings.

The Group expects that there is no significant credit risk in deposit.

For bills receivable, accounts receivable, other receivables, loans and advances, the Group has set relevant policies to control credit risk exposure. The Group assesses the customer's credit qualification and sets the corresponding credit period based on the customer's financial status, credit history and other factors such as current market conditions. The Group will regularly monitor the customer's credit history and for customers with poor credit history, the Group will use written reminders, shorten the credit period or cancel the credit period to ensure that the overall credit risk of the Group is within control.

The debtors of the Group's receivables, loans and advances are customers distributed in different industries and regions. The Group continues to conduct credit assessments on the financial status of receivables and loans, and purchase credit guarantee insurance when appropriate.

The maximum exposure to credit risk of the Group is the carrying amount of each financial asset in the balance sheet. The Group also faces credit risk due to the provision of financial guarantees. Please refer to Note XII. 2 for details.

## 2. Liquidity Risk

Liquidity risk refers to the risk that the Group encounters a shortage of funds when fulfilling its obligation to settle cash or other financial assets.

Each subsidiary of the Group is responsible for its cash flow forecast. The Group Treasury Department monitors the long-term and short-term capital needs at the group level based on the cash flow forecasts of each subsidiary. The Group coordinates the surplus funds within the group through the fund pool plan established in the large banking financial institutions, and ensure that each member has sufficient cash reserves to meet the payment obligations due for settlement. In addition, the Group entered into financing credit agreements with main business banks to meet short-term and long-term funding needs.

The Group raises working capital through funds generated from operating business and bank and other borrowings. As of December 31, 2019, the Group's unused bank loan amount was RMB 1,560,830.00 million (December 31, 2018: RMB 845,588.00 million).

## 3. Market Risk

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

### Interest Rate Risk

Interest rate risk refers to the risk that the fair value or future cash flows of financial instruments will

fluctuate due to changes in market interest rates. Interest rate risk can arise from confirmed interest-bearing financial instruments and unrecognized financial instruments.

The Group's interest rate risk is mainly caused by long-term and short-term interest-bearing bank loan. Financial liabilities with floating interest rate expose the Group to cash flow interest rate risk, and financial liabilities with fixed interest rate expose the Group to fair value interest rate risk. The Group determines the relative proportion of fixed-rate and floating-rate contracts based on the market environment at the time, and maintains an appropriate combination of fixed and floating-rate instruments through regular review and monitoring.

For financial instruments held on the date of financial statement that expose the Group to fair value interest rate risk, the impact of the net profit and shareholder's equity in the above sensitivity analysis assumes that interest rates change on the date, and the Group remeasures the financial instruments based on the new interest rate. For floating-rate non-derivative instruments held on the date of financial statement that expose the Group to cash flow interest rate risk, the impact of the above-mentioned sensitivity analysis on net profit and shareholder's equity is based on annual estimated interest expense or income calculated by using the above-mentioned interest rate. The analysis of the previous year was based on the same assumptions and methods.

#### Exchange rate risk

Exchange rate risk refers to the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in foreign exchange rates. Exchange rate risk can arise from financial instruments denominated in foreign currencies other than bookkeeping currency.

The main operation of the Group is located in China and the main business is settled in RMB. Exchange rate risk comes from financial instruments denominated in currencies other than the bookkeeping 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 of December 31, 2019, the Group's foreign currency monetary items were mainly US dollar, Vietnamese dong, rupee, and ringgit financial assets and financial liabilities (see Note V. 65, (1) Foreign currency monetary items for details). Since other currencies are not frequently applied and the amount involved is smaller, their exchange rates changes will not have a significant impact on the company's operating activities.

The Group continuously monitors the scale of the Group's foreign currency transactions and foreign currency assets and liabilities to minimize the foreign exchange risks it faces. Therefore, the Group avoids foreign exchange risks by appropriately signing forward foreign exchange contracts or currency swap

contracts.

Price risk

Other price risk refers to the risk of fluctuations in market prices other than exchange rate risk and interest rate risk, regardless of whether these changes are caused by factors related to a single financial instrument or its issuer, or due to factors related to all similar financial instruments that were traded within the market.

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

The level in which fair value measurement is categorized is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement. The levels are defined as follows:

Level 1 inputs: unadjusted quoted prices in active markets that are observable at the measurement date for identical assets or liabilities.

Level 2 inputs: inputs other than Level 1 inputs that are either directly or indirectly observable for underlying assets or liabilities.

Level 3 inputs: inputs that are unobservable for underlying assets or liabilities.

### 1. Items and Values Measured at Fair Value

As at December 31, 2019, assets and liabilities measured at fair value based on the three levels above are shown as follows.

Item	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Recurring fair value measurement				
1. Held-for-trading financial assets	10,150,779.50	18,432,715.85	-	28,583,495.35
(1) Debt instruments	-	-	-	-
(2) Equity instruments	-	-	-	-

Item	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
(3) Financial assets designated at fair value through profit or loss	10,150,779.50	-	-	10,150,779.50
(4) Others	-	18,432,715.85	-	18,432,715.85
2. Other non-current financial assets	-	-	255,521,350.00	255,521,350.00
<b>Total assets measured at fair value on a recurring basis</b>	<b>10,150,779.50</b>	<b>18,432,715.85</b>	<b>255,521,350.00</b>	<b>284,104,845.35</b>
3. Held-for-trading financial liabilities	2,633,510.00	-	-	2,633,510.00
(1) Financial liabilities designated at fair value through profit or loss	2,633,510.00	-	-	2,633,510.00
<b>Total liabilities measured at fair value on a recurring basis</b>	<b>2,633,510.00</b>	<b>-</b>	<b>-</b>	<b>2,633,510.00</b>

The Group recognizes transfers between different levels at the end of the current reporting period during which such transfers are made. During 2019, there were no transfers between different levels of the Group's assets and liabilities.

## 2. Information about the Second Level of Fair Value Measurement

Item	Fair value As at 31/12/2019	Valuation techniques	Inputs
Derivatives:			
Currency interest rate swap contract	18,263,137.00	Market comparison approach	Expected interest rate
			Contract interest rate
			Exchange rate
			Discount rate reflecting the credit risk of issuers
Foreign exchange forward contract	169,578.85	Market comparison approach	Expected interest rate
			Contract interest rate
			Exchange rate
			Discount rate reflecting the credit risk of issuers

## 3. Quantitative information about the unobservable inputs used in the fair value measurement that are significant and are reasonably available.

Item	Fair value As at 31/12/2019	Valuation techniques	Unobservable inputs	Range (weighted average)
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Equity instrument investments:				
Unlisted equity investments	255,521,350.00	Net assets	N/A	N/A

#### 4. Fair values of assets and liabilities not measured at fair value

Financial assets and financial liabilities measured at amortized cost of the Group include: cash at bank and on hand, bills receivable, accounts receivable, other receivables, other current assets (including factoring receivables due within one year and loans and advances), short-term loans, bills payable, accounts payable, other payables, long-term loans due within one year, long-term payables, long-term loans and debentures payable, etc.

All financial instruments above measured at carrying amounts are not materially different from their fair value.

### X Related Parties and Related-Party Transactions

#### 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	3,000.00	57.62	57.62

Note 1: Guangzhou Haihao, which is the ultimate controlling party of the Company, is established on September 27, 2006. Mr. Hua Xue holds a 39.75% stake in Guangzhou Haihao, is the ultimate controller of the Group.

In the reporting period, change of the registered capital of the parent company is as follows:

				(RMB '0,000)
As at 31/12/2018	Addition	Reduction	As at 31/12/2019	
3,000.00	-	-	3,000.00	

#### 2. Information about the subsidiaries of the Company

For information about the subsidiaries of the Company, refer to Note VII.1.

#### 3. Information about joint ventures and associates of the Company

Joint ventures and associates that have related party transactions with the Group during this year or the previous year are as follows:

Name of joint ventures or associates	Relationship with the Company
Foshan Haihang Xingfa Agriculture and Animal Husbandry Development Co., Ltd.	Association, the Group holds 49% of the stakes
Guizhou Fuhai Chemicals Co, Ltd.	Association, the Group holds 45% of the stakes

#### 4. Information on other related parties

Name	Related party relationship
Luoding Xingfa Xingji Agriculture and Animal Husbandry Development Co., Ltd.	Subsidiary of Foshan Haihang Xingfa Agriculture and Animal Husbandry Development Co., Ltd.
Foshan Haihang Livestock and Aquaculture Specialized Cooperative	Subsidiary of Foshan Haihang Xingfa Agriculture and Animal Husbandry Development Co., Ltd.
Yingzhuo Xu	Director

#### 5. Transactions with related parties

##### (1) Purchases/sales

###### ① Purchase of goods/receiving of services

Related party	Nature of transaction	Year ended 31/12/2019	Year ended 31/12/2018
Guizhou Fuhai Chemicals Co., Ltd.	Material	116,534,661.29	88,717,187.28

###### ② Sales of goods/rendering of services

Related party	Nature of transaction	Year ended 31/12/2019	Year ended 31/12/2018
Foshan Haihang Xingfa Agriculture and Animal Husbandry Development Co., Ltd.	Feed and animal healthcare products	56,298,817.94	42,150,795.00
Luoding Xingfa Xingji Agriculture and Animal Husbandry Development Co., Ltd.	Feed and animal healthcare products	9,930,274.59	4,858,198.65
Foshan Haihang Livestock and Aquaculture Specialized Cooperative	Feed and animal healthcare products	-	868,239.51

Note: The price of the transaction between the company and the above-mentioned related parties is based on the market price of the unified external quotation of the seller at the time of the transaction.

##### (2) Trust/contracting arrangement

No such cases during the Reporting Period.



## (3) Lease

## ① As the lessor

Lessee	Type of assets leased	Lease income recognized in 2019	Lease income recognized in 2018
Guangdong Haid Group Co., Limited	Houses and buildings	51,428.52	51,428.57

Note: The price in the above lease with the related party was determined based on market prices upon mutual approval.

## ② As the lessee

No such cases during the Reporting Period.

## (4) Guarantee

No such cases during the Reporting Period.

## (5) Funding from related party

No such cases during the Reporting Period.

## (6) Transfer of assets and debt restructuring

No such cases during the Reporting Period.

## (7) Remuneration of key management personnel

The Company has 22 key management personnel in 2019 and 14 key management personnel in 2018. Information about remuneration is as follows:

(RMB '0,000)

Item	Year ended 31/12/2019	Year ended 31/12/2018
Remuneration of key management personnel	2,025.66	1,449.63

## (8) Other related party transactions

No such cases during the Reporting Period.

## 6. Receivables from and payables to related parties

## (1) Receivables from related parties

Item	Related party	As at 31/12/2019		As at 31/12/2018	
		Book value	Provision for bad and doubtful debts	Book value	Provision for bad and doubtful debts
Account Receivables	Foshan Haihang Xingfa Agriculture and Animal Husbandry Development Co., Ltd.	107,348.00	2,404.60	-	-
Prepayment	Guizhou Fuhai Chemicals Co., Ltd.	-	-	16,255.36	-

## (2) Payables to related parties

Item	Related party	2019.12.31	2018.12.31
Account Payables	Guizhou Fuhai Chemicals Co., Ltd.	4,105,427.37	3,453,111.97
Advances from customers	Foshan Haihang Xingfa Agriculture and Animal Husbandry Development Co., Ltd.	3,388,563.26	369,855.46
Other payable	Yingzhuo Xu	19,999.00	-

## XI Share-Based Payments

### 1. Total Share-Based Payments

Total equity instruments granted by the Company in Current Period (share)	0.00
Total equity instruments exercised in Current Period (share)	8,749,950.00
Total equity instruments invalidated in Current Period (share)	941,460.00
Exercise price range and contractual residual maturity of closing outstanding share options	N/A

- (1) The repurchase price for the first phase of the 2016 Restricted Share Incentive Plan is RMB 6.63/share, with a residual maturity of 26 months.
- (2) The repurchase price for the 2016 Reserved Restricted Share Incentive Plan is RMB 9.89/share, with a residual maturity of 23 months.

### 2. Share-Based Payments Settled with Equity

Determination method for fair value of equity instruments at grant dates	Using Black-Scholes option pricing model to calculate fair value of the Company's share options
Basis for determination of quantity of exercisable equity instruments	When the required performance conditions are met for the corresponding periods of the equity instrument incentive plans

Explanation of why estimates of Current Period are materially different from those of last year	N/A
Accumulated share-based payments settled with equity included in capital reserves	181,236,352.28
Total recognized expense on share-based payments settled with equity in Current Period	18,216,085.30

### 3. Share-Based Payments Settled in Cash

No share-based payments were settled in cash during the Reporting Period.

### 4. Revisions and Termination of Share-Based Payments

Revision of Share-Based Payment	The repurchase price of the restricted shares have been adjusted due to the annual equity distribution in 2018
Termination of Share-Based Payment	N/A

## XII Commitments and Contingencies

### 1. Significant Commitments

As at December 31, 2019, there is no material commitment to be disclosed.

### 2. Contingencies

Contingent liabilities arising from guarantee provided to other entities and related financial effects.

(1) As at December 31, 2019, the Group provided guarantees for the following loans:

Guarantee	Guarantee	Amount	Period	Note
1.Subsidiaries		178,304.35		
Wholly-owned subsidiaries and holding subsidiaries within the scope of consolidation	Bank loan financing and payable for raw material purchased	175,817.16	One year	
Alaer Ruiliheng	Equity acquisition	2,487.19	Two years after the expiration of the payment obligation	Provided guarantee for Alaer Ruiliheng to pay for the equity purchase of Alaer Ruitai
2. Other companies		1,664.00		
Farmers and distributors of 7 holding subsidiaries such as Hunan Haid	Guarantees for financings to purchase the Group's products	445.00	One year	The amount of counter-guarantee does not exceed RMB 20 million

Guarantee	Guarantee	Amount	Period	Note
Farmers and distributors that are provided with guarantees by Shandong Haiding	Guarantees for financings to purchase the Group's products	296.80	One year	The amount of guarantee does not exceed RMB 20 million
Farmers and distributors of 11 holding subsidiaries such as Guangxi Haid	Guarantees for financings to purchase the Group's products	761.20	One to three years	The amount of counter-guarantee does not exceed RMB 15 million
Farmers and distributors of Nanchang Haid	Guarantees for financings to purchase the Group's products	161.00	One year	The amount of guarantee does not exceed RMB 6 million
<b>Total</b>		<b>179,968.35</b>		

(2) As at December 31, 2019, the Group and financing units shared risks with customer financing:

Risk-sharing Company	Item	Amount (RMB '0,000)	Period	Note
Shandong Haiding	Risk-sharing for financings to purchase the Group's products	14.00	Two years	Does not exceed RMB 3 million
Chengdu Haid	Risk-sharing for financings to purchase the Group's products	90.00	One year	
<b>Total</b>		<b>104.00</b>		

As at December 31, 2019, there is no other contingency to be disclosed.

### XIII Post balance sheet date events

#### 1. Material post balance sheet date events

Item	Nature	Effect on the financial position and financial performance	Reason for effect cannot be estimated

Bond issuance	The Company's public issuance of convertible corporate bonds was approved in February 2020 by the China Securities Regulatory Commission's (Secure Supervisory Permit [2020] No. 205), for the public issuance of convertible corporate bonds with a total face value of RMB 2.83 billion to the public for a period of 6 years. As of March 25, 2020, the Company has completed the issuance of convertible corporate bonds.	Recognized debentures payable for RMB 2.83 billion and divided the liability component and equity component according to the new financial instruments regulations.	N/A
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## 2. Profit appropriations after the balance sheet date

Profit distributions or dividends proposed	According to the profit distribution plan approved by the board of directors on April 18, 2020, it is planned to issue a cash dividend of RMB 3.50 (including tax) for every 10 shares base on the total share capital on the share registration date when the distribution plan is implemented. The distribution plan will be implemented after the general meeting of shareholders approves.
Profit distributions or dividends approved and declared	N/A

## 3. Sales returns

As at April 18, 2020, there is no such item to be disclosed.

## 4. Other events after the balance sheet date

As at April 18, 2020, there is no such item to be disclosed.

## XIV Other Significant Events

### 1. Government grants

(1) Government grants recognized in deferred income, and subsequently measured using the gross presentation method

Item	2018.12.31	Additions during the year	Recognition in profit and loss	Other changes	2019.12.31	Presentation item recognized in profit and loss	Related to asset/income
Development							
Support Fund	73,890.08	-	69,423.96	-	4,466.12	Other income	Related to income

Development							
Support Fund	1,057,574.22	-	110,412.34	-	947,161.88	Other income	Related to asset
Research grants	6,405,119.72	6,405,000.00	5,914,688.25	-	6,895,431.47	Other income	Related to income
Research grants	2,869,259.69	-	545,928.57	-	2,323,331.12	Other income	Related to asset
Grants for production activities	2,110,512.41	5,331,000.00	2,290,449.00	-	5,151,063.41	Other income	Related to income
Grants for production activities	52,081,329.09	56,307,900.26	7,295,769.49	-	101,093,459.86	Other income	Related to asset
Government incentive grants	2,061,169.14	-	54,360.48	-	2,006,808.66	Other income	Related to asset
Others	146,216.46	300,000.00	446,216.46	-	-	Other income	Related to income
Others	-	501,844.62	-	-	501,844.62		Related to asset
<b>Total</b>	<b>66,805,070.81</b>	<b>68,845,744.88</b>	<b>16,727,248.55</b>	<b>-</b>	<b>118,923,567.14</b>		

(2) Government grants recognized in profit and loss, and subsequently measured using the gross presentation method

Item	Recognized in profit and loss for the year ended 31/12/2018	Recognized in profit and loss for the year ended 31/12/2019 in profit and loss	Presentation item recognized	Related to asset/income
Financial discount	781,543.00	1,856,627.00	Financial expenses	Related to income
Development Support Fund	1,007,804.14	4,593,363.67	Other income	Related to income
Development Support Fund	359,439.94	110,412.34	Other income	Related to asset
Research grants	19,504,854.83	12,247,127.48	Other income	Related to income
Research grants	802,762.11	545,928.57	Other income	Related to asset
Other grants	1,264,038.38	10,013,367.51	Other income	Related to income
Other grants	1,307,500.00	736,588.00	Other income	Related to income

Item	Recognized in profit and loss for the year ended 31/12/2018	Recognized in profit and loss for the year ended 31/12/2019	Presentation item recognized in profit and loss	Related to asset/income
Grants for production activities	12,965,164.76	10,340,902.17	Other income	Related to income
Grants for production activities	6,842,777.59	7,295,769.49	Other income	Related to asset
Grants related to daily business activities	1,412,254.68	-	Other income	Related to income
Government incentive grants	2,344,660.00	5,420,763.84	Other income	Related to income
Government incentive grants	7,027,060.48	54,360.48	Other income	Related to asset
Government incentive grants	10,696,100.00	2,000.00	Non-operating income	Related to income
<b>Total</b>	<b>66,315,959.91</b>	<b>53,217,210.55</b>		

## XV Notes to the Company's financial statements

### 1. Other Receivables

Item	2019.12.31	2018.12.31
Interest receivable	-	8,630.13
Dividends receivable	-	35,271,940.95
Other receivables	6,904,805,047.57	6,961,673,027.71
<b>Total</b>	<b>6,904,805,047.57</b>	<b>6,996,953,598.79</b>

#### (1) Interest Receivable

##### ① Classification of interest receivable

Item	2019.12.31	2018.12.31
Interest receivable on bank's wealth management products	-	8,630.13
<b>Sub-total</b>	<b>-</b>	<b>8,630.13</b>
Less: Provision for bad and doubtful debts	-	-
<b>Total</b>	<b>-</b>	<b>8,630.13</b>

#### (2) Dividends receivable

Item	2019.12.31	2018.12.31
Foshan Haihang Feed Co., Ltd.	-	35,271,940.95

Item	2019.12.31	2018.12.31
<b>Sub-total</b>	-	<b>35,271,940.95</b>
Less: Provision for bad and doubtful debts	-	-
<b>Total</b>	-	<b>35,271,940.95</b>

## (3) Other receivables

## ① Other receivables categorized by aging

Aging	2019.12.31
within 1 year	6,897,063,603.96
1 to 2 years	1,603,000.00
2 to 3 years	7,699,000.00
3 to 4 years	10,800.00
4 to 5 years	10,000.00
<b>Sub-total</b>	<b>6,906,386,403.96</b>
Less: Provision for bad and doubtful debts	1,581,356.39
<b>Total</b>	<b>6,904,805,047.57</b>

## ② Other receivables categorized by nature

Item	2019.12.31	2018.12.31
Petty cash	1,674,647.25	4,636,095.42
Guarantee deposit	727,275.00	1,097,525.00
Consolidated related party transactions	6,845,648,020.61	6,842,788,267.90
Futures margin	22,457,875.50	102,685,800.00
Others	35,878,585.60	11,808,379.38
<b>Total</b>	<b>6,906,386,403.96</b>	<b>6,963,016,067.70</b>

## ③ Provision for bad and doubtful debts

Provision for bad and doubtful debts	Stage 1	Stage 2	Stage 3	Total
	12-month expected credit losses	Lifetime expected credit losses (not occurred credit impairment)	Lifetime expected credit losses (occurred credit impairment)	
Balance at 31/12/2018	1,343,039.99	-	-	1,343,039.99



Provision for bad and doubtful debts	Stage 1	Stage 2	Stage 3	Total
	12-month expected credit losses	Lifetime expected credit losses (not occurred credit impairment)	Lifetime expected credit losses (occurred credit impairment)	
Adjusted amount of the first implementation of new financial instruments standard	-	-	-	-
Balance at 1/1/2019	1,343,039.99	-	-	1,343,039.99
In current period	-	-	-	-
-Transfer into stage 2	-	-	-	-
-Transfer into stage 3	-	-	-	-
-Reversal back to stage 2	-	-	-	-
-Reversal back to stage 3	-	-	-	-
Accrual in current period	238,316.40	-	-	238,316.40
Reversal in current period	-	-	-	-
Sold off in current period	-	-	-	-
Write off in current period	-	-	-	-
Other movement	-	-	-	-
Balance at 31/12/2019	1,581,356.39	-	-	1,581,356.39

## Provision for bad and doubtful debts as of 31/12/2018

Category	As at 31/12/2018				
	Amount	Percentage %	Amount	Percentage %	Amount
Individually significant and assessed for impairment individually	-	-	-	-	-
Collectively assessed for impairment	6,963,016,067.70	100.00	1,343,039.99	0.02	6,961,673,027.71
Including: external Groups and not assessed for impairment individually	17,541,999.80	0.25	1,343,039.99	7.66	16,198,959.81
Groups of other companies within consolidation	6,842,788,267.90	98.28	-	-	6,842,788,267.90
Groups of futures margin	102,685,800.00	1.47	-	-	102,685,800.00

Individually insignificant but assessed for impairment individually

<b>Total</b>	<b>6,963,016,067.70</b>	<b>100.00</b>	<b>1,343,039.99</b>	<b>0.02</b>	<b>6,961,673,027.71</b>
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④ Recognitions or recoveries or reversals of provision for bad and doubtful debts in current period

Category	As at 1/1/2019	Movement in current period			As at 31/12/2019
		Recognitions	Recognitions	Recognitions	
Other receivables	1,343,039.99	238,316.40	-	-	1,581,356.39
<b>Total</b>	<b>1,343,039.99</b>	<b>238,316.40</b>	<b>-</b>	<b>-</b>	<b>1,581,356.39</b>

⑤ There were no written-off of other receivables in current period.

⑥ Other receivables with top five ending balance

Name of debtor	Payment nature	Book balance	Aging	Percentage of other receivables ending balance (%)	Provision for bad and doubtful debts
First place	Consolidated related party payments	321,113,547.34	With one year	4.65	-
Second place	Consolidated related party payments	278,478,914.69	With one year	4.03	-
Third place	Consolidated related party payments	259,635,067.77	With one year	3.76	-
Fourth place	Consolidated related party payments	258,480,338.62	With one year	3.74	-
Fifth place	Consolidated related party payments	227,476,013.96	With one year	3.29	-
<b>Total</b>	—	<b>1,345,183,882.38</b>	—	19.47	-

⑦ There were no other receivables associated with government subsidies as of the period-end.

⑧ No other receivables were derecognized due to transfer of financial assets in current period.

⑨ There were no such cases in current period where the Group had transferred an other receivables but continued to be involved in the assets or liabilities associated with that other receivables.

## 2. Long-Term Equity Investments

Item	2019.12.31	2018.12.31
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	Provision for bad debts			Provision for bad debts		
	Book value	and Carrying amount		Book value	and Carrying amount	
Investment in Subsidiary	4,023,000,264.83	-	4,023,000,264.83	3,084,188,810.69	-	3,084,188,810.69
Investment in Associate	30,853,774.79	-	30,853,774.79	19,363,049.36	-	19,363,049.36
<b>Total</b>	<b>4,053,854,039.62</b>	<b>-</b>	<b>4,053,854,039.62</b>	<b>3,103,551,860.05</b>	<b>-</b>	<b>3,103,551,860.05</b>

## (1) Investment in Subsidiary

Investee (abbr.)	2018.12.31	Increase in Current Period	Decrease in Current Period	2019.12.31	Allowance for impairment provided in Current Period	Closing balance of provision for impairment
Hai Dai Company Limited	18,428.00	4,759.68	-	23,187.68	-	-
Hai Duong Haid Company Limited	285,279.92	66,884.55	-	352,164.47	-	-
Haid (Ecuador) Feed Cia.Ltda.	47,408.35	31,176.38	-	78,584.73	-	-
Haid Feed Company Limited	362,610.36	76,288.41	-	438,898.77	-	-
Haid International Group Limited	219,003,053.27	1,266,134.68	-	220,269,187.95	-	-
Hisenor Viet Namaquatic Breeding Co.,Ltd	36,181.61	10,418.53	-	46,600.14	-	-
Kinghill Holdings Pte.Ltd	-	88,108,230.00	-	88,108,230.00	-	-
Lanking Pte.Ltd.	51,011.60	379,624,040.54	-	379,675,052.14	-	-
PT Hisenor Technology Indonesia	-	8,873.58	-	8,873.58	-	-
PT.Haida Agriculture Indonesia	163,261.61	80,210.63	-	243,472.24	-	-

Investee (abbr.)	2018.12.31	Increase in Current Period	Decrease in Current Period	2019.12.31	Allowance for impairment provided in Current Period	Closing balance of provision for impairment
Sheng Long International Ltd.	262,308.02	-	-	262,308.02	-	-
Sheng Long Bio-Tech International Co.,Ltd	478,066.56	127,103.24	-	605,169.80	-	-
Sheng Long Bio-Tech(India)Private Limited	163,831.42	37,174.00	-	201,005.42	-	-
Vietnam HaiBei Biotechnology Co.,Ltd	-	8,383.38	-	8,383.38	-	-
Vink Long Hai Dai Co.,Ltd	10,201.21	11,523.73	-	21,724.94	-	-
Anhui Haid	11,100,532.15	147,422.31	-	11,247,954.46	-	-
Anyang Haihe	31,058.87	11,695.47	-	42,754.34	-	-
Anshan Dachuan	601,316.34	11,813.69	-	613,130.03	-	-
Binyang Yitun	67,131.82	989.29	-	68,121.11	-	-
Changzhou Haid	23,932,598.67	843,097.49	-	24,775,696.16	-	-
Chengdu Haid	16,455,469.40	210,220.26	-	16,665,689.66	-	-
Chengnan Hairong	70,011.97	6,799.55	-	76,811.52	-	-
Dali Haiwang	7,897.72	3,053.34	-	10,951.06	-	-
Dalian Haid	50,386,845.66	-	-	50,386,845.66	-	-
Shanxian Haiding	138,297.42	39,482.25	-	177,779.67	-	-
Dingtao Haiding	149,362.46	22,356.93	-	171,719.39	-	-
Dingtao Hairong	229,226.48	44,977.10	-	274,203.58	-	-
Dongguan Haid	21,155,785.84	160,351.68	-	21,316,137.52	-	-
Duyun Yitun	63,715.00	18,850.35	-	82,565.35	-	-
Ezhou Haid	3,120,361.93	197,804.19	-	3,318,166.12	-	-
Enping Fengwo	223,633.07	63,784.45	-	287,417.52	-	-
Enping Yitun	148,444.85	42,502.89	-	190,947.74	-	-
Feixian Hairuida	280,960.37	56,322.18	-	337,282.55	-	-
Foshan Haid	3,673,317.53	108,848.46	-	3,782,165.99	-	-
Foshan Haihang	22,952,190.50	159,670.39	-	23,111,860.89	-	-

Investee (abbr.)	2018.12.31	Increase in Current Period	Decrease in Current Period	2019.12.31	Allowance for impairment provided in Current Period	Closing balance of provision for impairment
Foshan Haipu	7,382,917.08	11,567.35	-	7,394,484.43	-	-
Foshan Nanhai Bairong	1,068,954.26	114,994.86	-	1,183,949.12	-	-
Foshan Sanshuifanling	15,723,803.23	86,509.05	-	15,810,312.28	-	-
Fujian Haid	101,511,401.16	252,334.21	-	101,763,735.37	-	-
Gansu Haid	-	8,665.27	-	8,665.27	-	-
Ganzhou Haid	2,701,293.50	23,408.59	-	2,724,702.09	-	-
Ganzhou Hailong	15,295.84	5,069,321.28	-	5,084,617.12	-	-
Gaozhou Sanhe	138,330.70	39,574.54	-	177,905.24	-	-
Guangdong Haid Livestock	51,516,769.37	120,146.89	-	51,636,916.26	-	-
Guangdong Hairuite	1,091,194.67	9,007,289.02	-	10,098,483.69	-	-
Guangdong Hisenor	1,888,119.63	224,725.40	-	2,112,845.03	-	-
Guangdong Hinter	83,987,616.43	410,849.39	-	84,398,465.82	-	-
Guangdong Shunde Haid	5,166,037.70	56,396.73	-	5,222,434.43	-	-
Guangxi Haid	109,649,628.91	89,209.96	-	109,738,838.87	-	-
Guangzhou Haijian	1,000,000.00	-	-	1,000,000.00	-	-
Guangzhou Hailong	3,090,335.84	31,143.21	-	3,121,479.05	-	-
Guangzhou Haishengyuan	11,642.38	-	-	11,642.38	-	-
Guangzhou Haishengke	1,000,000.00	-	-	1,000,000.00	-	-
Guangzhou Haiyiyuan	18,714.67	-	-	18,714.67	-	-
Guangzhou Haiyin Financing Guarantee	-	250,000,000.00	-	250,000,000.00	-	-
Guangzhou Haiyuan Factoring	50,104,442.34	7,788.92	-	50,112,231.26	-	-
Guangzhou Haiyuan Micro-Credit	500,018,801.48	102,888.44	-	500,121,689.92	-	-
Guangzhou Mutai	504,368.24	59,038.50	-	563,406.74	-	-

Investee (abbr.)	2018.12.31	Increase in Current Period	Decrease in Current Period	2019.12.31	Allowance for impairment provided in Current Period	Closing balance of provision for impairment
Guangzhou Rongda	-	186.29	-	186.29	-	-
Guangzhou Dachuan	14,016,958.31	549,323.72	-	14,566,282.03	-	-
Guangzhou Danong	500,000.00	-	-	500,000.00	-	-
Guangzhou Haid	13,922,127.71	-	-	13,922,127.71	-	-
Guangzhou Haifengchang	500,000.00	-	-	500,000.00	-	-
Guangzhou Haihe	550,000.00	-	-	550,000.00	-	-
Guangzhou Haiwei	15,841,819.75	115,339.06	-	15,957,158.81	-	-
Guangzhou Heshengtang Veterinary Pharmaceutical	19,472,324.42	141,901.53	-	19,614,225.95	-	-
Guangzhou Heshengtang Biotechnology	3,330,000.00	-	-	3,330,000.00	-	-
Guangzhou Meinong	50,000,000.00	75,500,000.00	-	125,500,000.00	-	-
Guangzhou Rongchuan	15,040,883.68	49,243.23	-	15,090,126.91	-	-
Guangzhou Runchuan	9,812,949.78	-	-	9,812,949.78	-	-
Guangzhou Yitun	1,527,035.46	547,714.19	-	2,074,749.65	-	-
Guangzhou Shunkang	-	45,452.68	-	45,452.68	-	-
Guangzhou Xingnong	-	4,061.77	-	4,061.77	-	-
Guangzhou Changsheng Logistics	10,304,640.30	1,539.20	-	10,306,179.50	-	-
Guigang Donghuang	22,376.86	4,334.72	-	26,711.58	-	-
Guigang Gangbei Yitun	130,922.67	45,181.20	-	176,103.87	-	-
Guigang Haid	5,986,209.50	157,350.61	-	6,143,560.11	-	-
Guigang Hairong	75,187.36	5,779.62	-	80,966.98	-	-
Guigang Qintang Yitun	12,282.92	-	-	12,282.92	-	-
Guiyang Haid Zhihai	28,805.39	15,180.86	-	43,986.25	-	-
Haid Pet Care (Weihai)	33,170.41	12,131.38	-	45,301.79	-	-

Investee (abbr.)	2018.12.31	Increase in Current Period	Decrease in Current Period	2019.12.31	Allowance for impairment provided in Current Period	Closing balance of provision for impairment
Haid Pet	10,075,077.92	31,963.10	-	10,107,041.02	-	-
Hainan Haiwei	5,000,000.00	-	5,000,000.00	-	-	-
Hainan Hisenor	1,061,860.56	73,761.65	-	1,135,622.21	-	-
Hexian Haid	-	1,349.85	-	1,349.85	-	-
Henan Haihe	6,736,768.35	-	-	6,736,768.35	-	-
Heze Haiding	512,338.21	140,949.48	-	653,287.69	-	-
Heshan Ronghai	-	52,491.73	-	52,491.73	-	-
Hengshan Yitun	240,171.97	55,441.01	-	295,612.98	-	-
Hengyang Jisheng	77,499.46	22,481.97	-	99,981.43	-	-
Hengyang Yitun	-	14,442.12	-	14,442.12	-	-
Honghu Haid	2,233,091.27	85,999.46	-	2,319,090.73	-	-
Hubei Haid	27,676,374.34	800,401.10	-	28,476,775.44	-	-
Hunan Innovation	1,468,667.70	82,802.38	-	1,551,470.08	-	-
Hunan Dongting Haid	5,468,211.03	87,007.80	-	5,555,218.83	-	-
Hunan Haid	18,772,571.61	185,463.05	-	18,958,034.66	-	-
Hunan Jinhuilong	51,000,000.00	-	-	51,000,000.00	-	-
Hunan Yitun	340,160.62	83,863.26	-	424,023.88	-	-
Huaihua Haid	329,544.27	5,095,586.99	-	5,425,131.26	-	-
Huaian Hailong	-	59,310.82	-	59,310.82	-	-
Jining Haiding	89,259.02	15,845.69	-	105,104.71	-	-
Jiyuan Haihe	8,336.48	4,814.04	-	13,150.52	-	-
Jiaxing Haid	14,508,922.76	35,131.32	-	14,544,054.08	-	-
Jiangmen Haid	83,025,418.05	203,531.66	-	83,228,949.71	-	-
Jiangmen A&T Xinhui	25,120,934.33	72,289.14	-	25,193,223.47	-	-
Jiangsu Dachuan	-	24,574,189.12	-	24,574,189.12	-	-
Jiangsu Haihe	6,845,593.25	30,582.16	-	6,876,175.41	-	-
Jiangxi Haid	74,353,542.76	107,874.52	-	74,461,417.28	-	-
Jiaozuo Jinhuilong	4,212.12	815.95	-	5,028.07	-	-
Jieyang Haid	972,330.21	150,977.09	-	1,123,307.30	-	-
Jingzhou Bairong	11,028.72	7,939.42	-	18,968.14	-	-

Investee (abbr.)	2018.12.31	Increase in Current Period	Decrease in Current Period	2019.12.31	Allowance for impairment provided in Current Period	Closing balance of provision for impairment
Jingzhou Haid	101,428,842.90	203,457.84	-	101,632,300.74	-	-
Kaifeng Haid	13,149,688.56	105,864.71	-	13,255,553.27	-	-
Kaifeng Haid	25,785.02	-	-	25,785.02	-	-
Liyang Jiuhe	64,426,224.82	126,985.39	-	64,553,210.21	-	-
Lianyungang Haihe	104,306.05	60,865.23	-	165,171.28	-	-
Liaocheng Haiding	116,698.65	27,793.63	-	144,492.28	-	-
Linyi Hedong Haiding	-	19,846.72	-	19,846.72	-	-
Maoming Hailong	93,827,062.97	136,811.96	-	93,963,874.93	-	-
Nanchang Haid	5,029,705.77	147,277.31	-	5,176,983.08	-	-
Nanning Haid	135,797.26	78,850.26	-	214,647.52	-	-
Nantong Haid	101,180,953.69	118,132.76	-	101,299,086.45	-	-
Pingguo Yitun	91,610.18	-	-	91,610.18	-	-
Pingnan Haid	-	5,604.11	-	5,604.11	-	-
Pingnan Yitun	140,786.06	43,223.40	-	184,009.46	-	-
Qinzhou Yitun	-	5,578.99	-	5,578.99	-	-
Qingyuan Happy	3,607,671.37	406,388.64	-	4,014,060.01	-	-
Qingyuan Haid	10,318,581.68	132,084.18	-	10,450,665.86	-	-
Qingyuan Hailong	-	17,994.90	-	17,994.90	-	-
Qingyuan Hainong	-	25,458.94	-	25,458.94	-	-
Qingyuan Ronghai	757,912.61	42,966.42	-	800,879.03	-	-
Qujing Zhihai	2,023,090.64	1,925.61	-	2,025,016.25	-	-
Rongcheng Rongchuan	36,565.26	-	-	36,565.26	-	-
Rongjiang Yitun	15,795.43	-	-	15,795.43	-	-
Sanming Haid	5,314,489.44	74,187.31	-	5,388,676.75	-	-
Shandong Daxin	286,437,656.05	10,616.61	-	286,448,272.66	-	-
Shandong Haiding	5,628,116.25	19,256.14	-	5,647,372.39	-	-
Shaanxi Haid	13,457,300.05	8,499.45	-	13,465,799.50	-	-
Shaoguan Haid	12,102.09	34,452.48	-	46,554.57	-	-
Shaoguan Zhenjiang Yitun	4,558.90	9,245.12	-	13,804.02	-	-



Investee (abbr.)	2018.12.31	Increase in Current Period	Decrease in Current Period	2019.12.31	Allowance for impairment provided in Current Period	Closing balance of provision for impairment
Shenzhen Longgreat	1,409,821.33	-	-	1,409,821.33	-	-
Shenyang Haid	2,743,841.46	60,596.05	-	2,804,437.51	-	-
Shijiazhuang Huilong	-	1,631.89	-	1,631.89	-	-
Shijiazhuang Weike	49,301,268.70	85,424.10	-	49,386,692.80	-	-
Sichuan Haile	-	7,940,000.00	-	7,940,000.00	-	-
Sichuan Hailinger	439,167.17	82,896.57	-	522,063.74	-	-
Sihui Haifeng	47,771.89	-	-	47,771.89	-	-
Suixian Yuliang Haiding	96,263.09	45,149.11	-	141,412.20	-	-
Taizhou Haid	20,069,860.14	259,282.36	-	20,329,142.50	-	-
Tengzhou Fengcheng	33,459.17	15,885.29	-	49,344.46	-	-
Tianjin Haid	149,155,038.05	159,062.54	-	149,314,100.59	-	-
Tianjin Rongchuan	-	83,491,161.48	-	83,491,161.48	-	-
Tianmen Haid	6,450,310.02	197,225.56	-	6,647,535.58	-	-
Weinan Haid	-	16,533.56	-	16,533.56	-	-
Wuhan Aquaera	5,315,854.14	18,317.35	-	5,334,171.49	-	-
Wuhan Zeyi	10,000,000.00	-	-	10,000,000.00	-	-
Xishui Haid	3,566,426.28	98,795.04	-	3,665,221.32	-	-
Xiangtan Haid	10,330,742.46	80,822.39	-	10,411,564.85	-	-
Xinxiang Hairuida	-	4,898.55	-	4,898.55	-	-
Suqian Haid	20,487,155.42	75,131.32	-	20,562,286.74	-	-
Xuzhou Haid	66,699.93	21,567.43	-	88,267.36	-	-
Xuzhou Haihe	64,714.81	7,124.78	-	71,839.59	-	-
Xuchang Haihe	15,757.52	3,851.23	-	19,608.75	-	-
Xuancheng Haid	5,283,654.22	74,850.78	-	5,358,505.00	-	-
Yancheng Haid	30,411,163.01	53,445.38	-	30,464,608.39	-	-
Yangjiang Haid	5,557,386.78	145,729.75	-	5,703,116.53	-	-
Yangjiang Yangdong Fengwo	121,353.78	35,134.13	-	156,487.91	-	-
Yangxi Fengwo	407,727.30	57,146.49	-	464,873.79	-	-

Investee (abbr.)	2018.12.31	Increase in Current Period	Decrease in Current Period	2019.12.31	Allowance for impairment provided in Current Period	Closing balance of provision for impairment
Yangxin Bairong	390,824.72	61,324.78	-	452,149.50	-	-
Yangling Haid	55,075.42	11,553.72	-	66,629.14	-	-
Yinan Haiding	194,436.45	12,215.85	-	206,652.30	-	-
Yibin Zhihai	85,563.84	46,277.77	-	131,841.61	-	-
Yichang Zhihai	12,120.89	795.07	-	12,915.96	-	-
Yicheng Haid	-	1,942.32	-	1,942.32	-	-
Yicheng Yitun	33,292.59	7,369.46	-	40,662.05	-	-
Yiyang Haid	50,822,735.12	135,276.83	-	50,958,011.95	-	-
Yingde Yitun	10,481.64	21,731.63	-	32,213.27	-	-
Yueyang Yitun	139,137.13	55,516.00	-	194,653.13	-	-
Yunnan Haid	6,541,028.72	149,179.59	-	6,690,208.31	-	-
Yuncheng Haiding	90,789.59	10,817.70	-	101,607.29	-	-
Zhanjiang Haid	17,322,343.77	365,660.04	-	17,688,003.81	-	-
Zhanjiang Hisenor	527,055.83	118,486.07	-	645,541.90	-	-
Zhanjiang Rongda	-	13,364.14	-	13,364.14	-	-
Zhangzhou Haid	12,648,310.94	122,775.40	-	12,771,086.34	-	-
Zhangzhou Haijingzhou	-	11,479.84	-	11,479.84	-	-
Zhangzhou Longwen Hairong	49,969.66	12,904.63	-	62,874.29	-	-
Zhaoqing Bairong	24,350.36	7,011.71	-	31,362.07	-	-
Zhaoqing Gaoyao Haid	-	7,500.58	-	7,500.58	-	-
Zhaoqing Haid	3,553,607.28	49,240.47	-	3,602,847.75	-	-
Zhejiang Haid	99,231,186.45	92,807.98	-	99,323,994.43	-	-
Zhongshan Ronghai	-	12,826.63	-	12,826.63	-	-
Chongqing Haid	5,274,849.70	39,248.75	-	5,314,098.45	-	-
Zhuhai Hailong	12,712,506.60	349,353.66	-	13,061,860.26	-	-
Zhuhai Rongchuan	35,523,328.68	597,673.26	-	36,121,001.94	-	-
Zixing Yitun	-	2,967.87	-	2,967.87	-	-
<b>Total</b>	<b>3,084,188,810.69</b>	<b>943,811,454.14</b>	<b>5,000,000.00</b>	<b>4,023,000,264.83</b>	-	-

## (2) Investment in Associate and joint ventures

Investee	2018.12.31	Movements during the year								2019.12.31	Closing Balance of Provision for Impairment
		Increase in Current Period	Decrease in Current Period	Investment Profits or Losses Recognized under the Equity Method	Adjustment in Other Comprehensive income	Changes in Other Equity	Declare Cash Dividends or Profits	Provision for Impairment	Others		
<b>① Associates</b>											
Guizhou Fuhai Chemicals Co., Ltd.	19,363,049.36	-	-	9,866,121.66	-	-	-4,500,000.00	-	-	24,729,171.02	-
Bangpu Zhongye Technology Co.,Ltd	-	2,000,000.00	-	-875,396.23	-	-	-	-	5,000,000.00	6,124,603.77	-
<b>Total</b>	<b>19,363,049.36</b>	<b>2,000,000.00</b>	<b>-</b>	<b>8,990,725.43</b>	<b>-</b>	<b>-</b>	<b>-4,500,000.00</b>	<b>-</b>	<b>5,000,000.00</b>	<b>30,853,774.79</b>	<b>-</b>

## 3. Sales Revenue and Cost of Sales

Item	Year ended 31/12/2019		Year ended 31/12/2018	
	Income	Cost	Income	Cost
Principal activities	788,089,239.19	327,336,630.50	560,601,766.31	193,287,637.00
Other operating activities	13,402,300.58	5,846,739.13	100,621,117.49	91,887,655.67
<b>Total</b>	<b>801,491,539.77</b>	<b>333,183,369.63</b>	<b>661,222,883.80</b>	<b>285,175,292.67</b>

## 4. Investment income

Item	Year ended 31/12/2019	Year ended 31/12/2018
Income from long-term equity investments accounted for using the cost method	1,089,318,401.15	1,266,931,132.31
Income from long-term equity investments accounted for using the equity method	8,990,725.43	1,415,674.66
Investment income from disposal of long-term equity investments	14,638,476.78	378,220.00
Investment income from held-for-trading financial assets	111,291,775.81	—
Investment income from holding financial assets at fair value through profit or loss	—	95,184,439.22
Investment income from holding available-for-sale financial assets	—	3,882,577.17
Investment income from holding other non-current financial assets	5,168,056.73	—
Investment income from disposal of non-current financial assets	4,382,680.28	—
Others	-	12,862,123.30
<b>Total</b>	<b>1,233,790,116.18</b>	<b>1,380,654,166.66</b>

## XVI Supplementary Information

## 1. Non-Operating Gains and Losses in Current Period

Item	Year ended 31/12/2019	Note
Gain or loss on disposal of non-current assets	-699,384.34	
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)	53,217,210.55	
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	3,199,250.94	

Item	Year ended 31/12/2019	Note
Gain or loss on changes in fair value of held-for-trading financial assets and liabilities & financial assets and liabilities at fair value through profit or loss (exclusive of effective portion of hedges that arise in the Company's ordinary course of business)	4,383,792.92	
Account receivables that are individually tested for impairment and reversal of contract assets impairment	3,818,866.10	
Non-operating gain and loss other than above	19,284,324.06	
Other gains or losses that meet the definition of non-operating gains or losses	5,465,542.39	
Total amount of Non-operating gain and loss	88,669,602.62	
Less: Income tax effects	17,653,550.72	
Net amount of Non-operating gain and loss	71,016,051.90	
Less: Non-controlling interests effects (net of tax)	3,037,533.07	
Non-operating gain and loss attributable to the ordinary shareholders	67,978,518.83	

## 2. Return on Equity (ROE) and Earnings per Share (EPS)

Net Income of Reporting Period	Weighted average	EPS	
	ROE (%)	Basic EPS	Diluted EPS
Net income attributable to ordinary shareholders of the listed company	19.54	1.06	1.05
Net income attributable to ordinary shareholders of the listed company after deducting the non-operating gain and loss	18.74	1.01	1.00

## Section XIII. Documents Available for Reference

- I. The 2019 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

18 April 2020