

**Shandong Zhonglu Oceanic Fisheries Co., Ltd.**

**SEMI-ANNUAL REPORT 2014**

**August 2014**

## **Section I. Important Notice, Contents and Paraphrase**

**Board of Directors, Supervisory Committee, all directors, supervisors and senior executives of Shandong Zhonglu Oceanic Fisheries Co., Ltd. (hereinafter referred to as the Company) hereby confirm that there are no any fictitious statements, misleading statements, or important omissions carried in this report, and shall take all responsibilities, individual and/or joint, for the reality, accuracy and completion of the whole contents.**

**All directors are attended the Board Meeting for report deliberation.**

**The Company has no plans of cash dividend distributed, no bonus shares and has no share converted from capital reserve either.**

**Li Wenyi, principal of the Company, Zhang Weiping, person in charger of accounting works and Lei Lixin, person in charge of accounting organ (accounting principal) hereby confirm that the Financial Report of Semi-Annual Report 2014 is authentic, accurate and complete.**

## Content

<b>SEMI-ANNUAL REPORT 2014</b> .....	<b>1</b>
<b>Section I. Important Notice, Contents and Paraphrase</b> .....	<b>2</b>
<b>Section II Company profile</b> .....	<b>5</b>
<b>Section III. Accounting data and summary of financial indexes</b> .....	<b>7</b>
<b>Section IV. Report of the Board of Directors</b> .....	<b>9</b>
<b>Section V. Important Events</b> .....	<b>16</b>
<b>Section VI. Changes in Shares and Particulars about Shareholders</b> .....	<b>21</b>
<b>Section VII. Preferred Stock</b> .....	<b>25</b>
<b>Section VIII. Directors, Supervisors and Senior Executives</b> .....	<b>26</b>
<b>Section IX. Financial Report</b> .....	<b>27</b>
<b>Section X. Documents available for reference</b> .....	<b>118</b>

## Paraphrase

Items	Refers to	Definition
“Zhonglu Company”, “The Company” or “Company”	Refers to	Shandong Zhonglu Oceanic Fisheries Company Limited
" State-owned Assets Investment " or " Shandong State-owned Assets Investment "	Refers to	Shandong State-owned Assets Investment Holding Company Limited
“Luxin Group”	Refers to	Luxin Investment Holding Company Limited
“SASAP”	Refers to	State-owned Assets Supervision and Administration Commission of Shandong Provincial Government
“CSRC”	Refers to	China Securities Regulatory Commission
“Shandong SRB”	Refers to	CSRC, Shandong Securities Regulatory Bureau
“The report”	Refers to	Semi-Annual Report for 2014 compiled by the Company

## Section II Company profile

### I. Company Profile

Short form for share	Zhonglu B	Code for share	200992
Listing stock exchange	Shenzhen Stock Exchange		
Chinese name of the Company	山东省中鲁远洋渔业股份有限公司		
Abbr. of Chinese name of the Company(if applicable)	中鲁远洋		
English name of the Company(if applicable)	Shandong Zhonglu Oceanic Fisheries Company Limited		
Abbr. of English name of the Company(if applicable)	zlyy		
Legal Representative	Li Wenyi		

### II. Contact person and ways

	Secretary of the Board	Rep. of securities affairs
Name	Zhou Feng	Li Ying; Li Feng
Contact adds.	No.43 Heping Rd, Jinan City, Shangdong Province	No.43 Heping Rd, Jinan City, Shangdong Province
Tel.	0531-86553278	0531-86553276
Fax.	0531-86982906	0531-86982906
E-mail	zlzqb@163.com	zlzqb@163.com

### III. Others

#### 1. Way of contact

Whether registrations address, offices address and codes as well as website and email of the Company changed in reporting period or not

Applicable     Not applicable

Registrations address, offices address and codes as well as website and email of the Company has no change in reporting period, found more details in Annual Report 2013.

#### 2. Information disclosure and preparation place

Whether information disclosure and preparation place changed in reporting period or not

Applicable     Not applicable

The newspaper appointed for information disclosure, website for semi-annual report publish appointed by CSRC and preparation place for semi-annual report have no change in reporting period, found more details in Annual Report 2013.

### **3. Registration changes of the Company**

Whether registration has changed in reporting period or not

Applicable     Not applicable

Date/place for registration of the Company, registration number for enterprise legal license, number of taxation registration and organization code have no change in reporting period, found more details in Annual Report 2013.

## Section III. Accounting data and summary of financial indexes

### I. Main accounting data and financial indexes

Whether it has retroactive adjustment or re-statement on previous accounting data for accounting policy changed and accounting error correction or not

Yes  No

	Current period	Same period of last year	Increase/decrease in this report y-o-y
Operating revenue (RMB)	260,016,584.61	264,728,360.22	-1.78%
Net profit attributable to shareholders of the listed company(RMB)	1,306,809.14	1,331,772.94	-1.87%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses(RMB)	1,127,784.64	194,138.55	480.92%
Net cash flow arising from operating activities(RMB)	1,721,929.37	-20,915,097.21	108.23%
Basic earnings per share (RMB/Share)	0.005	0.005	0.00%
Diluted earnings per share (RMB/Share)	0.005	0.005	0.00%
Weighted average ROE (%)	0.24%	0.27%	-0.03%
	End of current period	End of last period	Increase/decrease in this report-end over that of last period-end
Total assets (RMB)	715,656,281.69	737,318,072.70	-2.94%
Net assets attributable to shareholder of listed company(RMB)	542,151,346.04	540,850,737.98	0.24%

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

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

Applicable  Not applicable

The Company has no difference of the net profit and net assets disclosed in financial report, under both IAS (International Accounting Standards) and Chinese GAAP (Generally Accepted Accounting Principles) in reporting period

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

Applicable  Not applicable

The Company has no difference of the net profit and net assets disclosed in financial report, under both foreign accounting rules and Chinese GAAP (Generally Accepted Accounting Principles) in reporting period

## II. Items and amounts of extraordinary profit (gains)/loss

Applicable  Not applicable

In RMB

Item	Amount	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	-271,750.24	
Governmental subsidy reckoned into current gains/losses (not including the subsidy enjoyed in quota or ration according to national standards, which are closely relevant to enterprise's business)	426,198.74	
Other non-operating income and expenditure except for the aforementioned items	25,576.00	
Foreign donations	-1,000.00	
Total	179,024.50	--

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

Applicable  Not applicable

In reporting period, the Company has no particular about items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*



## Section IV. Report of the Board of Directors

### I. Introduction

In reporting period, the Company strictly accorded with 2014 working principle, focused on thoughts of state-owned companies transformation. We closely followed the trace of macro economy policies. Based on better capital operation and production, we insisted center of quality and interest improvement. Faced with domestic and international economy and various difficulties, the Company coordinated from upper and lower levels. Finally we accomplished the goal after hard work. In this period, we realized operating income of RMB 260,016,600, down by 1.78% compared with the same period of last year; operating cost of RMB 239,126,000, up by 8.82% compared with the same period of last year; net profit attributable to parent company of RMB 1,306,800, down by 1.87% compared with the same period of last year. The fishing capacity reached 6,872.76 tons.

### II. Main business analysis

Y-o-y changes of main financial data

In RMB

	Current period	Same period of last year	Y-o-y increase/decrease	Reasons for changes
Operation revenue	260,016,584.61	264,728,360.22	-1.78%	
Operation cost	239,126,034.18	219,741,407.76	8.82%	
Sales expenses	2,138,614.48	2,162,304.33	-1.10%	
Administrative expenses	16,577,378.13	13,721,691.25	20.81%	
Financial cost	1,091,710.54	244,394.62	346.70%	At same period of last year, more interest income from taking back the equity of Qingdao Double-Whale that transferred, thus financial cost in last period declined greatly
Income tax expense	144,258.54	28,100.00	413.38%	Enterprise income tax for year of 2013 was paid by Haiyan subsidiary
Net cash flow arising from operation activities	1,721,929.37	-20,915,097.21	108.23%	The fish stock last period has sold in the Period and with major amount received
Net cash flow arising	-11,624,249.91	9,392,667.50	-223.76%	Insurance indemnity of

from investment activities				Taifu 102 received in the same period of last year
Net cash flow arising from financing activities	-1,873,220.21	32,716,152.93	-105.73%	The repayment increased in the Period, and there is no investment absorbed compare with same period of last year
Net increase of cash and cash equivalent	-11,601,442.24	20,966,388.76	-155.33%	Same to the above 3 items

Major changes on profit composition or profit resources in reporting period

Applicable  Not applicable

No major changes on profit composition or profit resources occurred in reporting period

The future development and planning extended to reporting period that published in disclosure documents as prospectus, private placing memorandum and recapitalize statement

Applicable  Not applicable

No future development and planning extended to reporting period that published in disclosure documents as prospectus, private placing memorandum and recapitalize statement

Review on the previous business plan and its progress during reporting period

The business plan disclosed last period have completed, no particular about project progress in the Period

### III. Constitution of main business

In RMB

	Operating revenue	Operating cost	Gross profit ratio	Increase or decrease of operating revenue over same period of last year	Increase or decrease of operating cost over same period of last year	Increase or decrease of gross profit ratio over same period of last year
According to industries						
Pelagic fishery and reprocess	122,918,154.00	127,290,438.93	-3.56%	66.06%	148.84%	-34.45%
Management and rent of refrigerated transportation ships	39,292,689.17	29,690,426.42	24.44%	-1.13%	-3.08%	1.52%
Aquatic product process, freeze, etc	93,331,638.49	81,231,958.09	12.96%	-36.61%	-40.78%	6.13%
Total	255,542,481.66	238,212,823.44	6.78%	-2.09%	8.79%	6.78%
According to products						
Tuna	122,918,154.00	127,290,438.93	-3.56%	66.06%	148.84%	-34.45%

Ship Rental	39,292,689.17	29,690,426.42	24.44%	-1.13%	-3.08%	1.52%
Aquatic product process and cold storage	93,331,638.49	81,231,958.09	12.96%	-36.61%	-40.78%	6.13%
Total	255,542,481.66	238,212,823.44	6.78%	-2.09%	8.79%	6.78%
According to region						
Mainland China	50,764,857.38	51,956,256.59	-2.35%	-27.61%	-15.14%	-15.04%
Taiwan China	63,946,569.19	52,764,811.56	17.49%	-12.81%	9.58%	-16.86%
H.K. China				-100.00%	-100.00%	-6.73%
Japan	73,068,011.07	69,203,366.99	5.29%	-3.28%	-1.79%	-1.44%
Singapore	14,845,442.29	14,171,390.55	4.54%	93.30%	97.84%	-2.19%
Ghana	6,698,425.81	6,560,238.17	2.06%	13.10%	19.34%	-5.12%
South Korea	31,322,760.73	29,666,066.92	5.29%	86.56%	89.45%	-1.44%
Other	14,896,415.19	13,890,692.66	6.75%			6.75%
Total	255,542,481.66	238,212,823.44	6.78%	-2.09%	8.79%	6.78%

#### IV. Core competitive-ness analysis

As a comprehensive fishing corporation, main business covers various sections of this industry. And all the sections have close connection with each other. This kind of overall coordination guaranteed reform of operation and strategy of enhancing and extending industry chain. The capacity volume of the deep-sea fishing was stable, increased against last year. Whatever in terms of number of vessels or the total tonnage or profitability, existing international refrigerated shipping fleet tops in domestic. In 2014, the production was stable and ships renew program ran in smooth progress. Subsidiary Yantai Food has the largest ultra-low temperature cold storage and fresh tuna processing plants, with HACCP and EU registration (3700/02832), in which throughput capacity of ultra-low temperature tuna accounts for more than half of the country. In the first half of 2014, "China Trade Center for Tuna and China Deep Ocean Tuna base developed very well. And its new electronic trading platform for tuna normally operated, which also enhanced advantage of tuna extending string fishing and processing in trade. Meanwhile, the Company put efforts to improve the level of equipment fleets to accelerate replacement of old ships, and actively explored new opportunities for investment and cooperation, in order to obtain a new room for growth.

The above factors laid intensified strategic support for growth of the Company. We will make use of these strategic resources, innovate, speed up strategic transition, largely promote extending the industry, and further improve competitiveness and influence of the Company in the both domestic and global market.

## **V. Investment analysis**

### **1. Equity investment outside**

#### **(1) Investment outside**

Applicable  Not applicable

The Company has no investment outside in the Period

#### **(2) Holding equity of financial enterprise**

Applicable  Not applicable

The Company has no equity of financial enterprise held in the Period

#### **(3) Securities investment**

Applicable  Not applicable

The Company has no securities investment in the Period

### **2. Trust financing, investment of derivatives and entrustment loan**

#### **(1) Trust financing**

Applicable  Not applicable

The Company has no trust financing in the Period

#### **(2) Investment of derivatives**

Applicable  Not applicable

The Company has no derivatives investment in the Period

#### **(3) Entrustment loan**

Applicable  Not applicable

The Company has no entrustment loan in the Period

### **3. Application of raised proceeds**

#### **(1) Overall application of raised proceeds**

Applicable  Not applicable

#### **(2) Situation of committed project of raised proceeds**

Applicable  Not applicable

**(3)The changed project of raised proceeds**

□ Applicable √ Not applicable

The Company has no project of raised proceeds changed in the Period

**(4) Project of raised proceeds**

Project of raised proceeds and summary	Disclosure date	Disclosure index
--	-----------------	------------------

**4. Main subsidiaries and joint-stock companies analysis**

√ Applicable □ Not applicable

Main subsidiaries and joint-stock companies

In RMB

Name	Type	Industry involved	Main products or service	Registered capital	Total assets	Net assets	Operation revenue	Operation profit	Net profit
Shandong Zhonglu Fishery Shipping Co., Ltd.	Subsidiary	Cold storage, transportation	International ocean shipping, accept for carriage of frozen aquatic products	22,505,600.00	38,601,657.68	919,696.31	14,985,780.81	493,071.50	535,082.11
Habitat International Corporation	Subsidiary	Refrigerated transport	Self-supporting business of refrigerated transport	12,476,146.00	144,311,254.10	140,727,495.01	24,306,908.36	5,862,022.22	5,862,022.22
Shandong Zhonglu Oceanic (Yantai) Foods Co., Ltd.	Subsidiary	Food processing	Freeze, cold storage, process and sales of aquatic products, animal products and fruits and vegetables etc.	75,593,300.00	186,997,284.07	116,881,752.40	172,478,465.75	5,971,924.22	6,101,295.51

Shandong Zhonglu Haiyan Oceanic Co., Ltd.	Subsidiary	Ocean fishery	Offshore fishing, ocean-go ing fish ing	54,000,000.00	54,603,402.19	52,378,635.25	8,620,692.00	-1,062,858.52	-1,207,117.06
---	------------	------------------	---	---------------	---------------	---------------	--------------	---------------	---------------

## 5. Major project invested by non-raised funds

Applicable  Not applicable

The Company had no major project invested by non-raised funds in Period.

## VI. Prediction of business performance from January – September 2014

Estimation on accumulative net profit from the beginning of the year to the end of next report period to be loss probably or the warning of its material change compared with the corresponding period of the last year and explanation on reason

Applicable  Not applicable

## VII. Explanation from the Board and Supervisory Committee for “Qualified Opinion” from the CPA of this year’s

Applicable  Not applicable

## VIII. Explanation from the Board for “Qualified Opinion” of last year’s

Applicable  Not applicable

## IX. Implementation of profit distribution in reporting period

Implementation or adjustment of profit distribution plan in reporting period, cash dividend plan and shares converted from capital reserve in particular

Applicable  Not applicable

Previous year’s profit distribution plan was no profit distribution and shares converted from capital reserve either

## X. Profit distribution and capitalization of capital reserves in the Period

Applicable  Not applicable

The Company has no plans of cash dividend distributed, no bonus shares and has no share converted from capital reserve either for the semi-annual year

## XI. In the report period, reception of research, communication and interview

Applicable  Not applicable

Time	Place	Way	Type	Reception	Contents discussed and
------	-------	-----	------	-----------	------------------------

					material provided
2014-01-01 to 06-30	Jinan	Telephone communication	Individuals	Some individual investors	Operation status of the Company and with no materials provided

## Section V. Important Events

### I. Corporate governance

By strictly followed requirement of relevant laws and regulations as well as CSRC of “Company Law”, “Securities Laws” and “Rules of Corporate Governance for Listed Company” etc., the Company constantly perfected its corporate governance structure, established and improved the internal control system, continue to enhance the level of corporate governance. The Company considers that: in reporting period, actual corporate governance of the Company shows no difference with the Company Law and requirement of relevant regulations from CSRC.

### II. Significant lawsuits and arbitrations of the Company

Applicable Not applicable

The Company has no significant lawsuits and arbitrations in reporting period

### III. Question from media

Applicable Not applicable

No universal questioned by media in reporting period

### IV. Bankruptcy reorganization

Applicable Not applicable

In reporting period, the Company has no bankruptcy reorganization occurred.

### V. Transaction in assets

#### 1. Assets acquisition

Applicable Not applicable

The Company did not purchased assets in the Period

#### 2. Sales of assets

Applicable Not applicable

The Company did not sell assets in the Period

#### 3. Business combination

Applicable Not applicable

The Company has no business combined in the Period



## **VI. Implementation of the company's equity incentive and the effects**

Applicable  Not applicable

No equity incentive in reporting period

## **VII. Significant related transaction**

### **1. Related transaction routine operations concerned**

Applicable  Not applicable

The Company has no related transaction with routine operations concerned occurred in the Period

### **2. Related transaction incurred by purchase or sales of assets**

Applicable  Not applicable

No related transaction incurred by purchase or sales of assets in Period

### **3. Related transaction from jointly investment outside**

Applicable  Not applicable

No related transaction from jointly investment outside occurred in Period

### **4. Credits and liability of related party**

Applicable  Not applicable

The Company had no credits or liability of related party in Period.

### **5. Other significant related transactions**

Applicable  Not applicable

The Company had no other significant related transactions in the reporting period

## **VIII. Non-business capital occupying by controlling shareholders and its related parties**

Applicable  Not applicable

No non-business capital occupied by controlling shareholders and its related parties in Period

## **IX. Major contract and implantation**

### **1. Trusteeship, contract and leasing**

#### **(1) Trusteeship**

Applicable  Not applicable

The Company had no trusteeship in the reporting period.

#### **(2) Contract**

Applicable  Not applicable

The Company had no contract in the reporting period.

**(3) Leasing**

Applicable  Not applicable

The Company had no leasing in the reporting period.

**2. Guarantee**

Applicable  Not applicable

In ten thousand Yuan

Particulars about the external guarantee of the Company (Barring the guarantee for subsidiaries)								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Actual guarantee limit	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for related party
Guarantee of the Company for the subsidiaries								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Actual guarantee limit	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for related party
Shandong Zhong Lu Oceanic(Yantai) Foods Co., Ltd	2012-04-26	4,000	2012-04-26	0	Joint liability guaranty	2 years	Yes	Yes
Total amount of approving guarantee for subsidiaries in report period (B1)		4,000		Total amount of actual occurred guarantee for subsidiaries in report period (B2)		0		
Total amount of approved guarantee for subsidiaries at the end of reporting period (B3)		4,000		Total balance of actual guarantee for subsidiaries at the end of reporting period (B4)		0		
Total amount of guarantee of the Company( total two abovementioned guarantee)								
Total amount of approving guarantee in report period (A1+B1)		4,000		Total amount of actual occurred guarantee in report period (A2+B2)		0		
Total amount of approved guarantee at the end of report period (A3+B3)		4,000		Total balance of actual guarantee at the end of report period (A4+B4)		0		
The proportion of the total amount of actually guarantee in the net assets of the Company(A4+ B4)				0.00%				
Including:								
Amount of guarantee for shareholders, actual controller and its related parties(C)				0				
The debts guarantee amount provided for the guaranteed parties whose assets-liability ratio exceed 70% directly or indirectly(D)				0				

Proportion of total amount of guarantee in net assets of the Company exceed 50%(E)	0
Total amount of the aforesaid three guarantees(C+D+E)	0
Explanations on possibly bearing joint and several liquidating responsibilities for undue guarantees(if applicable)	N/A
Explanations on external guarantee against regulated procedures(if applicable)	N/A

Explanation on guarantee with composite way

### (1) Guarantee outside against the regulation

Applicable  Not applicable

No guarantee outside against the regulation in Period

### 3. Other material contracts

Applicable  Not applicable

The Company had no other material contracts in the reporting period.

### 4. Other material transactions

Applicable  Not applicable

The Company had no other material transactions in the reporting period.

### X. Commitments made by the Company or shareholders holding above 5% shares of the Company in reporting period or occurred in the previous reporting period but continued to reporting period

Applicable  Not applicable

The Company had no commitment made by the Company or shareholders holding above 5% shares of the Company in reporting period or occurred in the previous reporting period but continued to reporting period in Period.

### XI. Engagement and non-reappointment of CPA

Whether the semi-annual report was audited or not

Yes  No

### XII. Penalty and rectification

Applicable  Not applicable

The Company had no penalty or rectification in the reporting period.

### XIII. Risk disclosure of delisting with laws and rules violated

Applicable  Not applicable

The Company has no delisting risks with laws and rules violated in Period

#### **XIV. Explanation on other significant events**

Applicable  Not applicable

The Company had no explanation on other significant events in the reporting period.

## Section VI. Changes in Shares and Particulars about Shareholders

### I. Number of shares and shares held

In Share

	Before change		Increase/decrease in this time (+, -)					After change	
	Amount	Ratio	New issue	Bonus share	Capitalization of public reserve	Other	Subtotal	Amount	Ratio
I. Unlisted shares	128,071,320	48.13%						128,071,320	48.13%
1. Sponsor shares	128,071,320	48.13%						128,071,320	48.13%
Including: State-owned shares	127,811,320	48.04%						127,811,320	48.04%
Domestic corporate shares	260,000	0.10%						260,000	0.10%
II. Listed shares	138,000,000	51.87%						138,000,000	51.87%
2. Domestically listed foreign shares	138,000,000	51.87%						138,000,000	51.87%
III. Total shares	266,071,320	100.00%						266,071,320	100.00%

Reasons for share changed

 Applicable  Not applicable

Approval of share changed

 Applicable  Not applicable

Ownership transfer of share changes

 Applicable  Not applicable

Influence on the basic EPS and diluted EPS as well as other financial indexes of net assets per share attributable to common shareholders of Company in latest year and period

 Applicable  Not applicable

Other information necessary to disclose for the Company or need to disclosed under requirement from security regulators

 Applicable  Not applicable

Explanation on changes in aspect of total shares, shareholders structures as well as structure of assets and liability of the Company

 Applicable  Not applicable

## II. Number of shares and shares held

In Share

Total common shareholders at period-end			14,374		Total preference shareholders with voting rights recovered at end of reporting period (if applicable) (see Note 8)		0	
Particulars about shares held above 5% by shareholders or top ten shareholders								
Shareholders	Nature of shareholder	Proportion of shares held	Number of shares held at period-end	Changes in reporting period	Amount of holding unlisted circulation shares	Amount of holding listed circulation shares	Number of share pledged/frozen	
							State of share	Amount
Shandong State-owned Assets Investment Holding Co., Ltd	State-owned corporate	33.07%	88,000,000		88,000,000			
Shandong Luxin Investment Holding Group Co., Ltd	State-owned corporate	14.18%	37,731,320		37,731,320			
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Overseas corporate	5.50%	14,629,589			14,629,589		
Chen Tianming	Overseas natural person	2.16%	5,760,427			5,760,427		
Shanghai HK Wanguo securities	Overseas corporate	1.15%	3,069,300			3,069,300		
China National Heavy Duty Truck Group Jinan Truck LLC.	State-owned corporate	0.73%	1,950,000		1,950,000			
Wang Dongsheng	Overseas natural person	0.58%	1,531,810			1,531,810		
Yi Ying	Overseas natural person	0.41%	1,078,200			1,078,200		

	person					00		
Huang Jiayi	Overseas natural person	0.39%	1,048,687			1,048,687		
Lin Mingyu	Domestic nature person	0.31%	829,600			829,600		
Strategy investors or general corporate becomes top 10 shareholders due to rights issued (if applicable)(Note 3)	Not applicable							
Explanation on associated relationship among the aforesaid shareholders	Shandong State-owned Assets Investment Holding Co., Ltd and Shandong Luxin Investment Holding Group Co., Ltd are provincial state-owned enterprises under the same stock controlling of Shandong Provincial Commission; China National Heavy Duty Truck Group Jinan Truck LLC is the sponsor shareholder of the Company and the above mentioned shareholders have no associated relationships or not belong to consistent actors regulated by <i>Management Regulation of Information Disclosure on Change of Shareholding for Listed Companies</i> . Rests of the shareholders are the domestically listed foreign shareholders, and the Company is unknown whether there exists associated relationship or belongs to consistent actor regulated by “ <i>management method for acquisition of listed company</i> ” among the above said shareholders.							
Particulars about the shares held by the top ten unrestricted shareholders								
Shareholders	Amount of circulated shares held at period-end	Type of shares						
		Type	Amount					
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	14,629,589	Domestically listed foreign shares	14,629,589					
Chen Tianming	5,760,427	Domestically listed foreign shares	5,760,427					
Shanghai HK Wanguo securities	3,069,300	Domestically listed foreign shares	3,069,300					
Wang Dongsheng	1,531,810	Domestically listed foreign shares	1,531,810					
Yi Ying	1,078,200	Domestically listed foreign shares	1,078,200					
Huang Jiayi	1,048,687	Domestically listed foreign shares	1,048,687					

Lin Mingyu	829,600	Domestically listed foreign shares	829,600
Zhu Guanhong	818,500	Domestically listed foreign shares	818,500
Zhu Xionghui	813,640	Domestically listed foreign shares	813,640
WU CHI LI	615,900	Domestically listed foreign shares	615,900
Expiation on associated relationship or consistent actors within the top 10 un-restrict shareholders and between top 10 un-restrict shareholders and top 10 shareholders	It is unknown whether the shareholders just mentioned belong to consistent actors or have associated relationship or regulated by the Management Regulation of Information Disclosure on Change of Shareholding for Listed Companies.		
Explanation on top 10 shareholders involving margin business (if applicable)(see note4)	Not applicable		

Whether has a buy-back agreement dealing in reporting period

Yes  No

The shareholders of the Company had no buy-back agreement dealing in reporting period.

### III. Changes of controlling shareholders or actual controller

Changes of controlling shareholders in reporting period

Applicable  Not applicable

Changes of controlling shareholders had no change in reporting period.

Changes of actual controller in reporting period

Applicable  Not applicable

Changes of actual controller in reporting period had no change in reporting period.

### IV. Share holding increasing plan proposed or implemented in reporting period from shareholder of the Company and its concerted action person

Applicable  Not applicable

As far as the Company know, there are no share holding increasing plan proposed or implemented in Period from shareholder of the Company and its concerted action person



## **Section VII. Preferred Stock**

### **I. Issuance and listing of preferred stock in Period**

Applicable  Not applicable

### **II. Number of shareholders with preferred stock held and shareholdings**

Applicable  Not applicable

### **III. Repurchase and conversion of preferred stock**

#### **1. Preferred stock repurchased**

Applicable  Not applicable

#### **2. Preferred stock converted**

Applicable  Not applicable

### **IV. Preferred stock with voting rights recovered and executed**

Applicable  Not applicable

### **V. Accounting policy taken for preferred stock and reasons**

Applicable  Not applicable

## **Section VIII. Directors, Supervisors and Senior Executives**

### **I. Changes of shares held by directors, supervisors and senior executives**

Applicable     Not applicable

Shares held by directors, supervisors and senior executives have no changes in reporting period, found more details in Annual Report 2013.

### **II. Resignation and dismissal of directors, supervisors and senior executives**

Applicable     Not applicable

Resignation and dismissal of directors, supervisors and senior executives have no changes in reporting period, found more details in Annual Report 2013.

## Section IX. Financial Report

### I. Audit reports

Whether the semi-annual report was audited or not

Yes  No

The financial report of this semi-annual report was unaudited

### II. Financial statements

Units in Notes of Financial Statements is RMB

#### 1. Consolidated balance sheet

Prepared by: Shandong Zhonglu Oceanic Fisheries Co., Ltd

In RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	42,334,283.42	53,935,725.66
Settlement funds		
Lending funds		
Tradable financial assets		
Notes receivable		
Accounts receivable	1,755,790.58	12,826,646.26
Prepayments	26,061,141.45	13,076,947.00
Premium receivable		
Reinsurance accounts receivable		
Reinsurance contract reserve receivable		
Interest receivable		
Dividend receivable		
Other account receivable	3,021,739.52	3,153,387.04
Buying back the sale of financial assets		
Inventory	219,347,879.49	221,650,252.50
Non-current assets due within one year		

Other current assets		7,000,000.00
Total current assets	292,520,834.46	311,642,958.46
Non-current assets:		
Issuance of loans and advances		
Financial assets available for Sale		
Held-to-maturity investment		
Long-term receivables		
Long term equity investment		
Investment real estate	35,385,055.98	35,994,388.74
Fixed asset	371,843,330.26	381,996,023.55
Project in progress	8,848,054.22	503,686.68
Project materials		
Liquidation of fixed asset		
Productive biological asset		
Oil and gas asset		
Intangible asset	6,846,410.26	6,968,418.76
Development expenditure		
Goodwill		
Long-term deferred expenditure	40,889.00	40,889.00
Deferred income tax asset	171,707.51	171,707.51
Other non-current asset		
Total non-current asset	423,135,447.23	425,675,114.24
Total Assets	715,656,281.69	737,318,072.70
Current Liabilities:		
Short-term borrowing	29,258,210.07	21,607,961.51
Borrowing from the central bank		
Deposits and interbank deposit		
Borrowed capital		
Transaction financial liabilities		
Notes payable		
Accounts payable	63,650,001.43	76,012,642.77
Account received in advance	752,793.29	12,146,815.00
Financial assets sold for repurchase		

Fees and commissions payable		
Salary payable	12,961,209.81	15,524,742.60
Taxes payable	-6,609,031.09	-11,250,338.56
Interest payable		182,865.05
Dividend payable	459,329.80	459,329.80
Other payables	7,351,672.46	7,397,363.29
Reinsurance payables		
Reserves for insurance contracts		
Agency securities trading		
Agency securities underwriting		
Non-current liabilities due within one year	10,038,164.53	18,162,141.05
Other current liabilities		
Total current liabilities	117,862,350.30	140,243,522.51
Non-current liabilities		
Long-term loans	17,246,666.66	17,246,666.66
Bonds payable		
Long-term payables		
Special payables		
Accrued liabilities		
Deferred income tax liability		
Other non-current liability	13,172,211.05	13,172,211.05
Total non-current liability	30,418,877.71	30,418,877.71
Total liability	148,281,228.01	170,662,400.22
Owners' equity (or Shareholder's equity):		
Paid-in capital(share capital)	266,071,320.00	266,071,320.00
Capital surplus	281,245,215.96	281,245,215.96
Less: treasury stock		
Special reserve		
Surplus reserve	21,908,064.19	21,908,064.19
Reserve for general risks		
Retained profit	-27,125,266.85	-28,432,075.99
Converted difference in foreign currency Statements	52,012.74	58,213.82

Total owner's equity attributable to parent company	542,151,346.04	540,850,737.98
Interest of minority shareholders	25,223,707.64	25,804,934.50
Total owners' equity (or shareholders equity)	567,375,053.68	566,655,672.48
Total liabilities and owners' equity (or shareholders equity)	715,656,281.69	737,318,072.70

Legal Representative: Li Wenyi

Person in Charge of Accounting: Zhang Weiping

Person in Charge of Accounting Department: Lei Lixin

## 2. Balance Sheet of Parent Company

Prepared by: Shandong Zhonglu Oceanic Fisheries Co., Ltd

In RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary fund	9,080,954.88	13,401,133.74
Tradable financial assets		
Notes receivable		
Accounts receivable	9,430,401.60	816.60
Prepayments	12,981,152.99	10,948,421.22
Interest receivable		
Dividend receivable		
Other account receivable	32,567,557.13	32,786,716.82
Inventory	124,945,942.58	146,992,378.77
Non-current assets due within one year		
Other current assets		7,000,000.00
Total current assets	189,006,009.18	211,129,467.15
Non-current assets:		
Financial assets available for Sale		
Held-to-maturity investment		
Long-term receivables	6,868,229.37	6,426,342.82
Long term equity investment	118,779,655.23	118,779,655.23
Investment real estate	35,385,055.98	35,994,388.74
Fixed assets	183,521,532.43	189,368,170.78

Project in progress		
Project materials		
Liquidation of fixed assets		
Productive biological asset		
Oil and gas asset		
Intangible assets	13,943.22	17,743.20
Development expenditure		
Goodwill		
Long-term deferred expenditure		
Deferred income tax asset		
Other non-current assets		
Total non-current assets	344,568,416.23	350,586,300.77
Total assets	533,574,425.41	561,715,767.92
Current liabilities:		
Short-term borrowing	10,400,000.00	
Transaction financial liabilities		
Notes payable		
Accounts payable	27,215,563.41	42,365,714.15
Account received in advance	752,793.29	6,926,894.06
Salary payable	6,689,502.09	8,389,315.71
Taxes payable	584,250.30	566,935.89
Interest payable		67,211.91
Dividend payable	459,329.80	459,329.80
Others payables	54,628,229.70	49,612,282.73
Non-current liabilities due within one year	9,619,059.85	17,323,931.63
Other current liabilities		
Total current liabilities	110,348,728.44	125,711,615.88
Non-current liabilities:		
Long-term loans	17,246,666.66	17,246,666.66
Bonds payable		
Long-term payables		
Special payables		
Accrued liabilities		

Deferred income tax liability		
Other non-current liability	789,800.57	789,800.57
Total non-current liability	18,036,467.23	18,036,467.23
Total liabilities	128,385,195.67	143,748,083.11
Owners' equity (or Shareholder's equity):		
Paid-in capital (share capital)	266,071,320.00	266,071,320.00
Capital surplus	279,115,900.17	279,115,900.17
Less: treasury stock		
Special reserve		
Surplus reserve	19,184,672.34	19,184,672.34
Reserve for general risks		
Retained profit	-159,182,662.77	-146,404,207.70
Converted difference in foreign currency		
Total owners' equity (or shareholders equity)	405,189,229.74	417,967,684.81
Total liabilities and owners' equity (or shareholders equity)	533,574,425.41	561,715,767.92

Legal Representative: Li Wenyi

Person in Charge of Accounting: Zhang Weiping

Person in Charge of Accounting Department: Lei Lixin

### 3. Consolidated Income Statements

Prepared by: Shandong Zhonglu Oceanic Fisheries Co., Ltd

In RMB

Item	Current Amount	Amount of the Previous Period
I. Total operation revenue	260,016,584.61	264,728,360.22
Including: Operating revenue	260,016,584.61	264,728,360.22
Interest income		
Earned premium		
Fee and commission income		
II Total Operating cost	259,325,768.29	264,523,951.61
Including: Operating costs	239,126,034.18	219,741,407.76
Interest costs		



Fee and commission costs		
Cash surrender		
Net compensation expenses		
Net extraction reserves for insurance contracts		
Policy dividend payout		
Reinsurance expense		
Business tax and surcharge	392,030.96	553,189.30
Sales expenses	2,138,614.48	2,162,304.33
Administrative expenses	16,577,378.13	13,721,691.25
Financial expenses	1,091,710.54	244,394.62
Asset impairment losses		28,100,964.35
Add: gains from changes of fair value (Loss is listed with “-”)		
Investment gain (Loss is listed with “-”)		
Including: Investment gains on affiliated Company and joint venture		
Exchange gains (Loss is listed with “-”)		
III. Operating profits (Loss is listed with “-”)	690,816.32	204,408.61
Add: Non-operating income	478,581.95	1,521,000.92
Less: Non-operating expenditure	299,557.45	383,366.53
Including: Disposal loss on non-current liability	291,933.45	383,366.53
IV Total profits (Total loss is listed with “-”)	869,840.82	1,342,043.00
Less: Income tax expenses	144,258.54	28,100.00
V. Net profit (Net loss is listed with “-”)	725,582.28	1,313,943.00
Including: Net profit generated by combined party before merged		
Net profit attribute to owners of parent company	1,306,809.14	1,331,772.94
Minority interest	-581,226.86	-17,829.94
VI. Earnings per share(EPS)	--	--

(i) Basic Earnings per share(EPS)	0.005	0.005
(ii) Diluted Earnings per share(EPS)	0.005	0.005
VII. Other consolidated income	-6,201.08	624,046.25
VIII. Total consolidated income	719,381.20	1,937,989.25
Total consolidated income attributable to owners of parent company	1,300,608.06	1,955,819.19
Total consolidated income attributable to minority shareholders	-581,226.86	-17,829.94

Legal Representative: Li Wenyi

Person in Charge of Accounting: Zhang Weiping

Person in Charge of Accounting Department: Lei Lixin

**4. Profit Statement of parent company**

Prepared by: Shandong Zhonglu Oceanic Fisheries Co., Ltd

In RMB

Items	Current Amount	Amount of the Previous Period
I. Operation revenue	110,632,911.88	77,302,186.47
Less: Operating costs	112,102,413.16	52,558,645.91
Business tax and surcharge	240,453.35	408,041.83
Sales expenses	185,615.30	320,070.10
Administrative expenses	10,384,249.02	8,699,221.16
Financial expenses	506,278.72	-2,583,406.92
Asset impairment losses		28,100,964.35
Add: gains from changes of fair value(Loss is listed with "-")		
Investment gain(Loss is listed with "-")		
Including: Investment gains on affiliated Company and joint venture		
III. Operating profits (Loss is listed with "-")	-12,786,097.67	-10,201,349.96
Add: Non-operating income	8,642.60	5,591,525.84
Less: Non-operating expenditure	1,000.00	38,833.00
Including: Disposal loss on non-current liability		
III. Total profit (Loss is listed with "-")	-12,778,455.07	-4,648,657.12

Less: Income tax expenses		
IV. Net profit (net loss is listed with “-”)	-12,778,455.07	-4,648,657.12
V. Earnings per share(EPS):	--	--
(i) Basic Earnings per share(EPS)	-0.048	-0.175
(ii) Diluted Earnings per share(EPS)	-0.048	-0.175
VI. Other consolidated income		
VII. Total consolidated income	-12,778,455.07	-4,648,657.12

Legal Representative: Li Wenyi

Person in Charge of Accounting: Zhang Weiping

Person in Charge of Accounting Department: Lei Lixin

### 5. Consolidated Cash Flow Statement

Prepared by: Shandong Zhonglu Oceanic Fisheries Co., Ltd

In RMB

Items	Current Amount	Amount of the Previous Period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	261,347,101.18	230,660,666.38
Net increase of customer deposit and interbank deposit		
Net increase of loan from central bank		
Net increase of capital borrowed from other financial institution		
Cash received from original insurance contract fee		
Net cash received from reinsurance business		
Net increase of insured savings and investment		
Net increase of disposal of transaction financial asset		
Cash received from interest, commission charge and commission		
Net increase of capital borrowed		
Net increase of returned business		

capital		
Write-back of tax received	23,929,792.87	12,189,045.48
Other cash received concerning operating activities	8,827,066.97	27,985,523.92
Subtotal of cash inflow arising from operating activities	294,103,961.02	270,835,235.78
Cash paid for purchasing commodities and receiving labor service	229,949,930.76	217,694,025.61
Net increase of customer loans and advances		
Net increase of deposits in central bank and interbank		
Cash paid for original insurance contract compensation		
Cash paid for interest, commission charge and commission		
Cash paid for bonus of guarantee slip		
Cash paid to/for staff and workers	39,653,914.45	29,988,312.71
Taxes paid	3,232,169.03	1,645,241.25
Other cash paid concerning operating activities	19,546,017.41	42,422,753.42
Subtotal of cash outflow arising from operating activities	292,382,031.65	291,750,332.99
Net cash flows arising from operating activities	1,721,929.37	-20,915,097.21
II. Cash flows arising from investing activities:		
Cash received from recovering investment		
Cash received from investment income		
Net cash received from disposal of fixed, intangible and other long-term assets	132,974.00	84,260.00
Net cash received from disposal of subsidiaries and other units		

Other cash received concerning investing activities		33,974,356.00
Subtotal of cash inflow from investing activities	132,974.00	34,058,616.00
Cash paid for purchasing fixed, intangible and other long-term assets	11,757,223.91	24,665,948.50
Cash paid for investment		
Net increase of mortgaged loans		
Net cash paid for obtaining subsidiaries and other units		
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	11,757,223.91	24,665,948.50
Net cash flows arising from investing activities	-11,624,249.91	9,392,667.50
III. Cash flows arising from financing activities		
Cash received from absorbing investment		26,000,000.00
Including: Cash received from absorbing minority shareholders' investment by subsidiaries		
Cash received from loans	21,113,015.94	14,540,265.98
Cash received from issuing bonds		
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities	21,113,015.94	40,540,265.98
Cash paid for settling debts	21,400,448.16	5,510,969.88
Cash paid for dividend and profit distributing or interest paying	1,585,787.99	2,313,143.17
Including: Dividend and profit of minority shareholder paid by subsidiaries		
Other cash paid concerning financing activities		
Subtotal of cash outflow from financing	22,986,236.15	7,824,113.05

activities		
Net cash flows arising from financing activities	-1,873,220.21	32,716,152.93
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	174,098.51	-227,334.46
V. Net increase of cash and cash equivalents	-11,601,442.24	20,966,388.76
Add: Balance of cash and cash equivalents at the period -begin	53,935,725.66	28,287,601.46
VI. Balance of cash and cash equivalents at the period -end	42,334,283.42	49,253,990.22

Legal Representative: Li Wenyi

Person in Charge of Accounting: Zhang Weiping

Person in Charge of Accounting Department: Lei Lixin

**6. Cash Flow Statement of parent company**

Prepared by: Shandong Zhonglu Oceanic Fisheries Co., Ltd

In RMB

Item	Current Amount	Amount of the Previous Period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	97,512,745.74	50,291,346.17
Write-back of tax received		
Other cash received concerning operating activities	4,364,018.87	22,905,133.04
Subtotal of cash inflow arising from operating activities	101,876,764.61	73,196,479.21
Cash paid for purchasing commodities and receiving labor service	80,816,610.46	59,211,420.68
Cash paid to/for staff and workers	15,170,672.53	10,679,592.87
Taxes paid	295,186.29	457,103.57
Other cash paid concerning operating activities	11,491,311.44	6,689,803.36
Subtotal of cash outflow arising from operating activities	107,773,780.72	77,037,920.48
Net cash flows arising from operating	-5,897,016.11	-3,841,441.27

activities		
II. Cash flows arising from investing activities:		
Cash received from recovering investment		
Cash received from investment income		
Net cash received from disposal of fixed, intangible and other long-term assets		
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		33,974,356.00
Subtotal of cash inflow from investing activities		33,974,356.00
Cash paid for purchasing fixed, intangible and other long-term assets	15,960.00	13,396,619.50
Cash paid for investment		12,285,800.00
Net cash paid for obtaining subsidiaries and other units		
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	15,960.00	25,682,419.50
Net cash flows arising from investing activities	-15,960.00	8,291,936.50
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Cash received from loans	10,400,000.00	7,600,000.00
Cash received from issuing bonds		
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities	10,400,000.00	7,600,000.00
Cash paid for settling debts	7,697,777.78	

Cash paid for dividend and profit distributing or interest paying	1,084,039.95	1,925,976.78
Other cash paid concerning financing activities		
Subtotal of cash outflow from financing activities	8,781,817.73	1,925,976.78
Net cash flows arising from financing activities	1,618,182.27	5,674,023.22
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-25,385.02	
V. Net increase of cash and cash equivalents	-4,320,178.86	10,124,518.45
Add: Balance of cash and cash equivalents at the period -begin	13,401,133.74	16,467,806.39
VI. Balance of cash and cash equivalents at the period -end	9,080,954.88	26,592,324.84

Legal Representative: Li Wenyi

Person in Charge of Accounting: Zhang Weiping

Person in Charge of Accounting Department: Lei Lixin

**7. Consolidated Statement on Changes of Owners' Equity**

Prepared by: Shandong Zhonglu Oceanic Fisheries Co., Ltd

Current Amount

In RMB

Item	Current Amount									
	Owners' equity attributable to the parent company								Interest of minority shareholders	Total owners' equity
	Paid-in capital(s hare capital)	Capital surplus	Less: treasury stock	Special reserve	Surplus reserve	Reserve for general risks	Retained profit	Other		
I. Balance at the end of last year	266,071,320.00	281,245,215.96			21,908,064.19		-28,432,075.99	58,213.82	25,804,934.50	566,655,672.48
Add: Changes of accounting policy										
Error correction of previous period										
Others										
II. Balance at the beginning of this year	266,071,320.00	281,245,215.96			21,908,064.19		-28,432,075.99	58,213.82	25,804,934.50	566,655,672.48



III. Increase/ Decrease in this year (Decrease is listed with "-" )							1,306,809.14	-6,201.08	-581,226.86	719,381.20
(i) Net profit							1,306,809.14			725,582.28
(ii) Other consolidated income								-6,201.08	-581,226.86	-6,201.08
Subtotal of (i)and (ii)							1,306,809.14	-6,201.08	-581,226.86	719,381.20
(III) Owners' devoted and decreased capital										
1. Owners' devoted capital										
2. Amount calculated into owners' equity paid in shares										
3. Others										
(IV) Profit distribution										
1. Withdrawal of surplus reserves										
2. Withdrawal of general risk provisions										
3. Distribution for owners (shareholders)										
4. Others										
(V) Carrying forward internal owners' equity										
1. Capital reserves converted to capital (share capital)										
2. Surplus reserves converted to capital (share capital)										
3. Remedying loss with surplus reserve										
4. Others										
(VI) Special reserve										
1. Withdrawal in this period										
2. Usage in this period										
(VII) Other										
IV. Balance at the end of the report period	266,071,320.00	281,245,215.96			21,908,064.19		-27,125,266.85	52,012.74	25,223,707.64	567,375,053.68

Amount in last period

In RMB

Items	Amount in last period									
	Owners' equity attributable to the parent company								Interest of minority shareholders	Total owners' equity
	Paid-in capital(s hare capital)	Capital surplus	Less: treasury stock	Special reserve	Surplus reserve	Reserve for general risks	Retained profit	Other		
I. Balance at the end of last year	266,071,320.00	281,245,215.96			21,908,064.19		-93,413,762.00	1,014,141.42	4,387.09	476,829,366.66
Add: retroactive adjustment arising from enterprise consolidation under the same control										
Add: Changes of accounting policy										
Error correction of previous period							21,771,200.00			21,771,200.00
Other							-14,188.99		25,986,824.52	25,972,635.53
II. Balance at the beginning of this year	266,071,320.00	281,245,215.96			21,908,064.19		-71,656,750.99	1,014,141.42	25,991,211.61	524,573,202.19
III. Increase/ Decrease in this year (Decrease is listed with "-" )							43,224,675.00	-955,927.60	-186,277.11	42,082,470.29
(i) Net profit							43,224,675.00	-955,927.60	-186,277.11	43,038,397.89
(II) Other consolidated income										-955,927.60
Subtotal of (i)and (ii)							43,224,675.00	-955,927.60	-186,277.11	42,082,470.29
(III) Owners' devoted and decreased capital										
1. Owners' devoted capital										
2. Amount calculated into owners' equity paid in shares										
3. Others										
(IV)Profit distribution										
1. Withdrawal of surplus										

reserves										
2. Withdrawal of general risk provisions										
3. Distribution for owners (shareholders)										
4. Others										
(V) Carrying forward internal owners' equity										
1. Capital reserves converted to capital (share capital)										
2. Surplus reserves converted to capital (share capital)										
3. Remedying loss with surplus reserve										
4. Others										
(VI) Special reserve										
1. Withdrawal in this period										
2. Usage in this period										
(VII) Other										
IV. Balance at the end of the report period	266,071,320.00	281,245,215.96			21,908,064.19		-28,432,075.99	58,213.82	25,804,934.50	566,655,672.48

Legal Representative: Li Wenyi

Person in Charge of Accounting: Zhang Weiping

Person in Charge of Accounting Department: Lei Lixin

**8. Statement on Changes of Owners' Equity of Parent Company**

Prepared by: Shandong Zhonglu Oceanic Fisheries Co., Ltd

Current Amount

In RMB

Items	Current Amount							
	Paid-in capital (share capital)	Capital surplus	Less: treasury stock	Special reserve	Surplus reserve	Reserve for general risks	Retained profit	Total owners' equity
I. Balance at the end of last year	266,071,320.00	279,115,900.17			19,184,672.34		-146,404,207.70	417,967,684.81
Add: Changes of accounting policy								
Error correction of previous period								

Other								
II. Balance at the beginning of this year	266,071,320.00	279,115,900.17			19,184,672.34		-146,404,207.70	417,967,684.81
III. Increase/ Decrease in this year (Decrease is listed with“-”)							-12,778,455.07	-12,778,455.07
(i) Net profit							-12,778,455.07	-12,778,455.07
(II) Other consolidated income								
Subtotal of (i)and (ii)							-12,778,455.07	-12,778,455.07
(III) Owners' devoted and decreased capital								
1. Owners' devoted capital								
2. Amount calculated into owners' equity paid in shares								
3. Others								
(IV)Profit distribution								
1. Withdrawal of surplus reserves								
2. Withdrawal of general risk provisions								
3. Distribution for owners (shareholders)								
4. Others								
(V) Carrying forward internal owners' equity								
1. Capital reserves converted to capital (share capital)								
2. Surplus reserves converted to capital (share capital)								
3. Remedying loss with surplus reserve								
4. Others								
(VI) Special reserve								
1. Withdrawal in this period								
2. Usage in this period								
(VII) Other								
IV. Balance at the end of the	266,071,320.00	279,115,900.17			19,184,672.34		-159,182,607.70	405,189,229.91

report period	0.00	0.17			.34		62.77	9.74
---------------	------	------	--	--	-----	--	-------	------

Amount in last year

In RMB

Item	Amount in last year							
	Paid-in capital(share capital)	Capital surplus	Less: treasury stock	Special reserve	Surplus reserve	Reserve for general risks	Retained profit	Total owners' equity
I. Balance at the end of last year	266,071,320.00	279,130,089.16			19,184,672.34		-192,777,438.29	371,608,643.21
Add: Changes of accounting policy								
Error correction of previous period							21,771,200.00	21,771,200.00
Other								
II. Balance at the beginning of this year	266,071,320.00	279,130,089.16			19,184,672.34		-171,006,238.29	393,379,843.21
III. Increase/ Decrease in this year (Decrease is listed with "-" )		-14,188.99					24,602,030.59	24,587,841.60
(i) Net profit							24,602,030.59	24,602,030.59
(II) Other consolidated income								
Subtotal of (i)and (ii)							24,602,030.59	24,602,030.59
(III) Owners' devoted and decreased capital		-14,188.99						-14,188.99
1. Owners' devoted capital								
2. Amount calculated into owners' equity paid in shares								
3. Others		-14,188.99						-14,188.99
(IV)Profit distribution								
1. Withdrawal of surplus reserves								
2. Withdrawal of general risk provisions								
3. Distribution for owners (shareholders)								
4. Others								
(V) Carrying forward internal owners' equity								

1. Capital reserves converted to capital (share capital)								
2. Surplus reserves converted to capital (share capital)								
3. Remedying loss with surplus reserve								
4. Others								
(VI) Special reserve								
1. Withdrawal in this period								
2. Usage in this period								
(VII) Other								
IV. Balance at the end of the report period	266,071,320.00	279,115,900.17			19,184,672.34		-146,404,207.70	417,967,684.81

Legal Representative: Li Wenyi

Person in Charge of Accounting: Zhang Weiping

Person in Charge of Accounting Department: Lei Lixin

### III. Company profile

Shandong Zhonglu Oceanic Fisheries Co., Ltd. (the "Company") was incorporated as a joint stock limited company in the People's Republic of China on 30 July 1999 according to the documentation of Lu Ti Gai Zi [1999] No.85 issued by Shandong Development and Reform Commission, and the holding company of the Company is Shandong Fisheries Enterprise Group General Corporation, the main sponsor. On 26 June 2000, the Company issued 120 million domestic listed foreign shares (B shares) to foreign investors with face value of One Yuan per share according to the approval documentation of Zheng Jian Fa Xing Zi [2000] No.82 issued by the China Securities Regulatory Commission. The B shares listed on the Shenzhen Stock Exchange dated 24 July 2000. On 22 August 2000, by the Company's authorization, lead underwriters fully exercised the 15% over-allotment option and issued 18 million B shares to foreign investors again with face value of 1 Yuan per share, and then the Company's total issued share capital is 266,071,320.00 Yuan.

Since 2003, 125,731,320 state-owned legal person shares (representing 47.25% of the total share capital of the Company) held by Shandong Fisheries Enterprise Group General Corporation ("Fisheries Group") have been frozen by the judiciary, including: A. Fisheries Group provided guarantee for the loan of 11,700,000 Yuan for a subordinate company, but the subordinate company failed to repay the loan on time, so Shandong Yantai Intermediate People's Court froze 8,000,000 shares (representing 3% of the total share capital). B. Fisheries Group borrowed 73,580,680 Yuan from the Agricultural Bank of China Jinan Lixia branch, and Jinan Lixia Court froze 80,000,000 shares (representing 30.07% of the total share capital).

On 10 December 2006, shares of the Company 88,000,000 shares held by Fisheries Group were auctioned publicly. According to the auction transaction confirmation (Lu Yin Pai Cheng Zi [2006] No.96) of Shandong Silver Star Auction Ltd., Shandong State-owned Assets Investment Holdings Ltd. bought the shares at the price of 48,400,000 Yuan. Shandong State-owned Assets Investment Holdings Ltd. comes to the first majority shareholder of the Company with 33.07% equity of the Company held after auction. Relevant transfer procedures completed on 20 June 2007. .

Fisheries Group borrowed 73,344,932 Yuan from Bank of China Jinan branch (the creditor of the loan was changed to China Xinda Asset Management Corporation from Bank of China in 2004), and Shandong Higher People's Court froze 37,731,320 shares (representing 14.18% of the total share capital). On 7 June 2005, the above 37,731,320 shares were auctioned publicly, according to the auction transaction confirmation (Lu Rui Cheng Zi [2005] No.013) of Shandong Qilu Rui Feng Auction Ltd., Shandong Luxin Investment Holdings Ltd. bought the shares at the price of 8,760,000 Yuan. On 2 February 2007, relevant transfer procedures have been completed.

Corporate industry: sea-going fisheries

Corporate major products: tuna and its products

Corporate registered address: No. 43, Heping Road, Jinan, Shandong Province, PRC

Operating scope: marine and oceanic fishing; aquatic products breeding, processing and marketing; merchandise import and export business within approved scope; ice machine manufacture and sale; refrigeration equipment manufacturing, installation, maintenance; refrigeration; load and unload services; housing lease.

Basic organization structure of the Company: board of shareholders, board of directors, supervisory committee, office of the board, general affairs department, departments of human resources, financing plan department, corporate operation department and office of auditory supervision. Three branches are Shandong Zhonglu Oceanic Qingdao Haiwei Branch, Shandong Zhonglu Oceanic Qingdao Haiyan Branch and Shandong Zhonglu Oceanic Qingdao Refrigeration Branch. Three wholly-owned subsidiaries are Shandong Zhonglu Fishery Shipping Co., Ltd., Shandong Zhonglu Oceanic (Yantai) Foods Co., Ltd. and HABITAT INTERNATIONAL CORP. The operation entity –YAW ADDO FISHERIES COMPANY LIMITED, is controlled by operation lease. The Company has a new subsidiary Shandong Zhonglu Haiyan Deep-sea Fishery Co., Ltd. in 2013 with equity of 51.85% held.

#### **IV. Main accounting policies and estimates and previous errors**

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

Base on the assumption of running continuously and actual transactions and events, in line with the Accounting Standards for Business Enterprise – Basic Standards and No. 38 specific principle of accounting standards issued on 15 February 2006 from the Ministry of Finance as well as the application guidance, interpretational and other relevant regulations of Standards, the Company prepared and formulate the financial statement lies on the followed important accounting policy and estimation.

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

The Financial Statements of the Company are up to requirements of Accounting Standards for Business Enterprise and also a true and thorough reflection to the relevant information as the Company's financial position dated 30<sup>th</sup> June 2014 and the operation results as well as cash flow in first half year of 2014.

### **3. Accounting period**

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

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

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

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

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

As for the consolidation of enterprises under the same control, the assets and liabilities received by the combining party in the consolidation are measured on the book value of the combined party on consolidation day. The difference between the book value of net assets, acquired by combining party, and book value of consideration (or total face value of the shares issued) paid, capital surplus adjusted; if the capital surplus not enough to written down, than retained earning adjusted. Directly expenses occurred in combination from the combining party should be reckoned into current gains/losses.

#### **(2) Consolidation of enterprises not under the same control**

As for the consolidation not under the same control, the consolidation cost is the fair value of the assets paid, liabilities incurred or committed, and equity securities offered, for obtaining the control right over the purchased party. As for the consolidation achieved by several exchange transactions, the consolidation cost is the total of each single transaction. All expenses of the purchasing party for and directly related to the consolidation are reckoned into the corporate consolidation cost. For those agreements that made in consolidation contracts for future events which might have influenced on consolidation cost, on purchased day, if the estimated future events probably going to occurred and the influence amount on consolidation cost should be calculated reliably, than reckoned into consolidation cost.

As for acquiree that obtained by consolidation not under the same control, the qualified confirmation of identified assets, liability and contingency liabilities should calculated by fair value on day of purchsaed. If the consolidation cost larger than the fair value amount of indentified net assts from acquiree's, the differences should be recognized as goodwill. If the consolidation cost less than the fair value amount of indentified net assts from acquiree's, the differences should reckoned into current gains/losses after re-examination.

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

#### **(1) Preparation methods for consolidated financial statements**

For the subsidiaries and special purpose entity whose actual control was held by the Company, included in the range of consolidate financial statement of the Company.



As the Company's financial statements are prepared pursuant to the Accounting Standards for Business Enterprises No. 33 – Consolidated Financial Statements and relevant rules, all substantive inside transactions and dealings within the consolidation scope are balanced out during the consolidation. As for the shareholders' equity not attributable to the Parent Company in the subsidiaries, it is specifically listed as the minority shareholders' equity in the shareholders' equity.

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

As for the subsidiaries obtained in the consolidation of enterprises not under the same control, the adjustment is made on the individual financial statements on the basis the fair value of the identifiable assets on the purchase day. As for the subsidiaries obtained under the same control, the consolidation is regarded as starting at the Year-beginning of the consolidation period, and the assets, liabilities, operation results and the cash flow are reckoned into the consolidated financial statements from the year-beginning in the consolidation period.

**(2) Disclosing the relevant accounting methods on buying to selling or selling to buying of the equity in two successive fiscal year for same subsidiaries**

**7. Determination criteria of cash and cash equivalent**

The cash recognized in the preparation of the cash flow statements, is the Company's storage cash and deposits available for payment anytime.

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

**8. Foreign currency exchange and the conversion of foreign currency statements**

**(1) Foreign currency exchange**

The foreign currency exchange is booked on the current exchange rate on the transaction day and converted in the bookkeeping standard currency.

On the balance sheet day, the monetary items are converted on the current rate on the balance sheet day, concerning the exchange differences between the spot exchange rate on that date and initial confirmation or the spot exchange rate on previously balance sheet date, should be reckoned in to current gains/losses except the capitalizing on exchange differences for foreign specific loans, which was reckoned into cost for capitalizing.

The non-monetary items measured on the historic cost are still measured by the original bookkeeping rate with the

sum of the bookkeeping standard currency unchanged. Items of non-monetary foreign currency which was calculated by fair value, should converted by spot exchange rate on the confirmation day of fair value, difference between the converted amount of bookkeeping currency and original amount of bookkeeping currency, was treated as changes of fair value (including exchange rate changed) reckoned into current gains/losses or recognized as other consolidated income and reckoned into capital public reserve.

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

Upon the conversion of the foreign currency financial statements of the controlling subsidiaries, joint enterprises, and the affiliated enterprises on the bookkeeping standard currency different from the Company's, the accounting check and preparation of the consolidated financial statements are made.

Assets and liabilities items in the balance sheet, are converted on the current rate on the balance sheet day; owners' equity items besides the "retained profit" item, the other items are converted on the actual rate. Incomes and expenses items in the profit statement are converted on the current rate. The conversion difference of the foreign currency financial statements is listed specifically in the owners' equity in the balance sheet.

The foreign currency cash flow is converted on the current rate on the cash flow actual day. The cash influenced by the rate fluctuation is listed specifically in the cash flow statement.

As for the foreign operation, the conversion difference of the foreign currency statement related to the foreign operation is transferred in proportion into the disposal of the current loss/gain.

## **9. Financial instruments**

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

The financial instruments are classified as the financial assets and liabilities.

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

In the initial recognition, the financial liabilities are classified as the financial liabilities measured on the fair value and with its changes reckoned into the current loss/gain (including tradable ones and ones designated to be measured on fair value and with its changes reckoned into the current loss/gain), other financial liabilities.

As the Company becomes one party of the financial instrument contract, the instrument is recognized as one financial asset or liability.

## **(2) Recognition and measurement of financial instruments**

In the initial recognition, the financial assets or liabilities are measured on fair value; and the follow-up measurements are: financial assets and financial assets available for sale that measured by fair value and with alteration reckoned into current gains/losses together with the financial liabilities that measured by fair value with alteration reckoned into current gains/losses should measured by fair value; financial guarantee contract and loan commitments, loan by the rates lower than market rates, should conducted follow-up measurement by the higher ones between confirmed amount recognized by “Accounting Standards for Business Enterprises No.13—Contingencies” after initial confirmation and balance of initial confirmed amount deducting the accumulated amortization amount, based on “Accounting Standards for Business Enterprises No.14—Revenue”; investment held to maturity, loans, account receivable and other financial liabilities should measured by amortized cost.

The loss/gain from the fair value changes in the follow-up measurement of the financial assets and liabilities, besides one related to the hedge, is dealt with in the following methods: ① The financial assets or liabilities measured on the fair value and with its changes reckoned into the current loss/gain, are reckoned into the fair value loss/gain; the interest or cash dividend obtained in the assets holding period, is recognized as the investment return; in disposal, the difference between the sum actually received and the one booked initially, is recognized as the investment return with the loss/gain of the fair value change adjusted. ② The fair value change of the financial assets available for sale, is reckoned into the reserve; the interest on the actual rate in the holding period, is reckoned into the investment return; the cash dividend of the stock instrument available for sale is reckoned into the investment return when the invested unit announces to pay the dividend, is reckoned into the investment return; in dividend, the difference between the sum actually received and the book value in deduction of the accumulative fair value change originally booked into the capital reserve.

## **(3) Recognition basis and measurement method for the transfer of financial assets**

The Company’s recognition basis of the financial assets transfer: As for the financial assets with all risks and compensations on their patent transferred, or all risks and compensations neither maintained nor transferred but the control over the assets given up, the recognition of the financial asset may terminate.

The Company’s measurement of the financial assets transfer: For the financial assets are qualified for the recognition of termination conditions, the measurement may be taken on the financial assets transfer, namely the difference is reckoned into the current loss/gain, between the book value of the transferred financial assets and, the total of the consideration value received from the transfer and the fair value change accumulative sum originally booked into the capital reserve.

As for the partly transfer of the financial assets qualified for the recognition termination conditions, the whole book value of the transferred financial assets is diluted on the respective relative fair value between the part of recognition termination and the part of no recognition termination, and the difference is reckoned into the current loss/gain, between the book value of the part of recognition termination and, the total of the consideration value of

the part of recognition termination and the fair value change accumulative sum originally booked into the capital reserve.

#### **(4) Derecognizing conditions of the financial liabilities**

The Company's derecognizing conditions of the financial liabilities: For the current obligation of the financial liabilities is relieved whole or partly, the recognition of the financial liabilities or part may be terminated.

#### **(5) Recognition methods of the fair values of the financial assets and liabilities**

The Company's recognition methods of the fair values of the financial assets and liabilities: as for the financial instrument in the active market, its fair value is recognized on the quotation in the active market; as for the financial instrument in the active market, its fair value is recognized by the evaluation method.

The evaluation method consists of as the references to the familiar situation and the price in the latest market transaction between the two voluntary parties, and the references to the current fair value of other substantially same financial assets, and the conversion method of the cash flow. In the evaluation method, the market index is the preferential and uttermost use, and the index specifically related to the Company and its subsidiaries is in less use.

#### **(6) Impairment testing method and way of accrual for depreciation reserves for financial assets (account receivables excluded)**

On the balance sheet day, the impairment check is taken on the book value of the financial assets besides the ones measured on fair value and with changes reckoned into the current loss/gain, and as there is objective evidence to the financial assets impairment, the impairment test may be taken on the financial assets, and the impairment provision is accrued according to the test result.

The Company exercise impairment test on financial assets with single major amount independently; for those financial assets with minor single amount, impairment test was exercised or performing test in combination of financial assets that with similar characteristic of credit risk. If no impairment found in independent test for those financial assets( including financial assets with single major and minor amount), consolidated into the combination of financial assets with similar characteristic of credit risk found for impairment testing again. If impairment found in those financial assets, then not going to consolidated into the combination of financial assets with similar characteristic of credit risk found for impairment testing.

If impairment found in held-to-maturity investment, loans and account receivable, calculated their book value to the current value of predicted future cash flow, the less reckoned amount was recognized as impairment losses and reckoned into current gains/losses. If impairment found in financial assets available for sale, transfer-out the accumulated losses, reckoned into capital public reserve before, for fair value decreased, and reckoned into current gains/losses, the accumulated losses transfer-out was the balance of initial obtained cost deducting the principal received, amortized amount, current fair value and original impairment losses that reckoned into gains/losses.

Recognition standards for impairment of vary financial assets available for sale

**(7) Explain the holding purpose and basis of changes in ability for those re-classified as financial assets available for sale from held-to-maturity investment whose terms have not matured**

Main criterion of re-classification of the undue held-to-maturity investment as financial assets available for sale:

- 1) For there are no financial resources available for the continual capital support for the financial assets, the financial assets has to be due;
- 2) There is no intention for holding due in the management;
- 3) Due to the restrictions of the law and the executive rules, or other reasons, it is impossible for holding the financial assets due;
- 4) And other indications to the Company's incapability for holding due.

The re-classification of the undue held-to-maturity investment as financial assets available for sale needs to be decided by the approval from Board of Directors.

**10. Recognition criteria and accrual method of bad debt provision for account receivable**

The account receivables of the Company mainly consist of the bill receivable, long-term receivables and other account receivable. On the balance sheet day, if there is objective evidence to the actual impairment, the impairment loss is recognized on the difference between the book value and the current value of the estimative future cash flow.

**(1) Bad debt provision for account receivables with single major amount**

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

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

Portfolio	Accrued method for bad debt provision withdrawal by portfolio	Portfolio basis
Age portfolio	Aging of accounts	Accounts with major single amount without withdrawal bad debt provision singly
Age portfolio	Aging of accounts	Accounts without major single amount and major risks

Withdrawing bad bed provision by aging method in portfolio

√ Applicable    □ Not applicable

Account ages	Accrued proportion of accounts	Accrued proportion of other accounts
--------------	--------------------------------	--------------------------------------

	receivable	receivable
Within six months	5.00%	5.00%
Six months to one year (one year inclusive)	10.00%	10.00%
1—2 years	30.00%	30.00%
2—3years	50.00%	50.00%
Over three years	100.00%	100.00%

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

Applicable Not applicable

Withdrawing bad bed provision by other methods in portfolio

Applicable Not applicable

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

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

## 11. Inventory

### (1) Categories of inventory

The inventory is goods or manufactured products held for sale, products in process, and materials and matters utilized in the production or supply of labor. It mainly consists of the raw material, turnover material, consumable low-value product, product in process, self-made semi-finished product, and manufactured product (storage goods) etc.

### (2) Accounting method for inventory delivery

Accounting method: weighted average

Recognized actual cost for the inventory while deliver by using weighted average method

### (3) Recognition principle of net realizable value of inventory and accrual method for inventory falling price reserves

On the balance sheet day, the inventory is measured on the lower one between the cost and the net realizable value, and the provision for the falling price reserves is accrued on each inventory item; however, as for the inventory of large quantity and low price, the provision is accrued on the inventory category.

Recognition principle on net realizable value of inventory: ① net realizable value as the estimative sale price less the relevant tax expenses. ② as for the materials held for production, if the net realizable value of the manufactured product in use of the materials, is higher than the cost, the net realizable value is measured on cost;

as the fall-down of the material price shows that the net realizable value of the manufactured product is lower than the cost, recognizable value is recognized on the estimative sale price less the estimative will-be actual cost, estimative sale expenses, and relevant tax expenses.③ As for the materials held on sale, the net realizable value is the market sale price.

#### **(4) Inventory system**

Inventory system: perpetual inventory system

Inventory system of the Company is perpetual inventory system

#### **(5) Amortization method for the low-value consumables and wrap page**

Low-value consumables

Amortization method: fifty percent (50%) amortization

Wrap page

Amortization method: fifty percent (50%) amortization

### **12. Long term equity investment**

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

① initial investment cost of long term equity investment obtained by corporate consolidation: in the case of the consolidation of enterprises under the same control, recognized as the initial cost is the book value of the owners' equity obtained from the consolidated party; in the case of the consolidation of enterprises not under the same control, recognized as the initial cost is the recognized consolidation cost on the purchase day. ② As for the long term equity investment obtained by cash payment, the initial investment cost is the actual purchase payment. ③ As for the long term equity investment obtained by the equity securities offering, the initial investment cost is the fair value of the equity securities. ④ As for the long term equity investment invested in by the investors, the initial investment cost is the value in the contract agreement. ⑤ As for the long term equity investment obtained by the exchange of the non-monetary assets and the debts restructuring, the initial investment cost is recognized on the relevant rules in the Principles.

#### **(2) Follow-up measurement and recognition of gains/losses**

The follow-up measurement of the long term equity investment is on equity or cost. As for the long term equity investment on, the investment return is recognized on the share of the net gains/loses deserved or distributed; upon the calculation of the deserved share of the profit and cash dividend announced to be distributed, the book value of the long term equity investments decreased correspondingly. As for the long term equity investment on, the book value remains unchanged, besides the investment added or withdrawn. Upon the calculation of the deserved share of the profit or cash dividend announced to be distributed, the investment return is recognized.

As for the long term equity investment of common control and significant influence, it is checked on equity; and others are checked on cost.

#### **(3) Recognition principle of being has common control and significant influence on the invested unit**

① Recognition principle on common control over invested units: the common control is agreed in the contract or agreement by the two or more joint parties that the accounting and operation policy must be decided commonly by the two or several investment parties.② Recognition principle on the significant influence on invested unit: As above 20% to 50% vote capital is held in the invested unit, the significant influence is recognized; or as 20%

below is held, the significant influence is recognized if the following conditions are matched up to: ①there is representative in the invested unit's board of directors or similar authority organs; ②there is participation in the policy-making of the invested unit; ③there is management person dispatch into the invested unit; ④there is dependence on the invested company's technology or technologic materials; ⑤and other situations which can prove fully the significant influence on the invested unit

#### **(4) Impairment test method and accrual method for impairment provision**

On the balance sheet day, the check is taken on the long term equity investment to make sure whether there is the indication to the impairment; once there is, the impairment test is taken to recognize the recoverable, and then the provision for the impairment is accrued on the lower one between the book value and the recoverable; once the impairment loss is accrued, it may not be transferred in the future accounting periods.

As for the net fair value sold in the long-term stock investment, if there is the agreement price of the fair transaction, it is on the agreement price less the relevant tax expense; or there is no fair transaction agreement but the active market for similar assets, it is on the market price less relevant tax expense.

### **13. Investment real estate**

#### **(1) Category and measurement for investment real estate**

Category of the Company's investment real estate: rented land use rights, rented buildings and land use rights held for transfer after appreciation.

Investment real estate of the Company is initially measured by cost and conducting follow-up measures by cost mode.

#### **(2) Policy of the cost calculation mode**

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

On balance sheet day, examing impairment evidence on investment real estate, if found evidence of impairment, than conducted impairment test and confirmed its recovered amount. Withdrawal impairment provision by lower amount between its book value and recovered amount, the impairment losses should be transfer-back in subsequent accounting period while been accrued.

### **14. Fixed assets**

#### **(1) Recognition of fixed assets**

The fixed assets are tangible assets held for the goods production, labor supply, lease or operation & management, and with above one-accounting-year service life; meanwhile as up to the following conditions, they are recognized: ①The economic interest related to the fixed assets probably flow into the Company; ②The cost of the fixed



assets can be measured reliably.

### **(2) Recognized basis and valuation method for fixed assets that rent-in by financing**

Recognized basis for fixed assets that rent-in by financing: rents that transfer all risks and remuneration related to assets ownership actually. Detail recognition for follow one item or more item been qualified: ① while the tenancy expired, ownership of the rented assets transfer to lessee; ② lessee has the right of choice for purchasing rented assets, the purchased price setted was far lower than the fair value of rented assets that exercise option rights by prediction, the option rights was reasonably recognized on date of renting for lessee; ③t hought no ownership transfer, rent period takes majority time of the useful life of rented assets; ④ current value of the minimum rented amount payment on date of renting is almost equals to the fair value of rented assets on starting day of purchasing; ⑤ rented assets owes special natures, lessee should not be used this rented asstes if no major changes on this assets. Valuation method for fixed assets that rent-in by financing: initial valuation for the fixed assets rent-in by financing was used the lower ones between faire value of rented assets on starting day of purchasing and minimum rented payment for bookkeeping value; Follow-up valuation for fixed assets that rent-in by financing was used the similar depreciation policies of self-owned fixed assets withdrawal depreciation and impairment provision.

### **(3) Depreciation method for vary fixed assets**

The Company's fixed assets are mainly divided as: house buildings, ships & machines & fishing equipment, furniture & office equipment, transportation equipment; the depreciation is in year averaging method. The service life and the net estimative remnant are recognized on the nature and utilization of the fixed assets; and at the year-end, the service life, net estimative remnant, and the depreciation method, of the fixed assets, are checked, and the corresponding adjustment is made if there is inconsistency between the checked ones and the previous ones. The depreciation of all of the Company's fixed assets is accrued, besides the ones sufficiently accrued and in continuous use, and the land booked specifically.

Category	Depreciation life (year)	Salvage rate	Annual depreciation rate
House and building	20-40	3-5%	2-5%
Machine equipment	8-20	3-5%	5-12%
Electronic devices	5	3-5%	19-19%
Transportation equipment	5	3-5%	19-19%
Vessels	15-30	3-5%	3-6%

### **(4) Impairment test method of fixed assets, and accrual method for provision of impairment**

At balance sheet day, fixed assets have been examined by the Company whether there has evidence of impairment probably, while impairment evidence be found than impairment test shall be performed and recognized its recoverable amount. Take the lower one between the book value and recoverable amount for impairment provision withdrawal, the withdrawal impairment losses shall not be switch back in subsequent fiscal year.

The recoverable amount of fixed assets was recognized as the higher one between the net amount resulted from faire value of assets minor disposal charges and current value of predicted future cash flows. If there exis sales

agreement price within fair transaction, net amount resulted from fair value of assets minor disposal charges should be recognized as the amount resulted from sales agreement price minor disposal charge directly attributable to this asset; if there is no sales agreement price within fair transaction but there is an active market or similar transaction price in assets, then recognized by the amount resulted from market price minor disposal charge.

#### **(5) Other explanations**

### **15. Project in progress**

#### **(1) Category of project in progress**

The Company's project in progress is divided as the self-support and contract-out construction.

#### **(2) Principle and time for project in progress carried forward as fixed assets**

The project in progress of the Company carried forward as fixed assets while the construction is ready for the intended use. Criteria of the expected condition for use should apply one of the following conditions: ① The substance construction (installation included) of the fixed assets has completed all or basically; ② As the projects have been in test production or operation, and the results show that the assets can operate properly and produce the qualified products stably, or the test operation result shows the assets can operate or open properly. ③ The expenditure of the fixed assets on the construction, is a little or little. ④ The fixed assets of the project constructed have been up to the requirements of the design or contract, or basically up to.

#### **(3) Impairment test method of project in progress, and accrual method for provision of impairment**

On the balance sheet day, the check is taken on the projects in progress for the indication to the impairment, and if there is the indication, the impairment test is taken to recognize the recoverable, and the impairment provision is accrued on the lower one between the book value and the recoverable; once the impairment loss is accrued, it cannot be transferred back in the future accounting periods.

The recoverable is recognized on the higher one between the net of the assets fair value less the disposal expenses, and the current value of the assets estimative future cash flow.

### **16. Borrowing expenses**

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

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

#### **(2) Capitalization term**

Capitalization term: the period from the time starts to capitalization to the time the capitalization ends. The period of capitalization suspended is not included.

#### **(3) Terms for capitalization suspended**

Terms for capitalization suspended: the capitalization of borrowing expenses should be suspended while the abnormal interrupt, which surpass three months continuously, in the middle of acquisition or construction or production.

**(4) Calculation of capitalization for borrowing expenses**

Calculation of capitalization amount: ① As for the borrowing of the specific borrowing, the capitalization sum is recognized on the current actual interest expenses less the interest income of the borrowing capital not utilized but deposited in the bank or the return of the temporary investment; ② As for the appropriation of the general borrowing, the capitalization sum is recognized on the weighted average of, the accumulative assets expenditure above the specific borrowing, and times the capitalization rate of the appropriation; ③ As for the discount or premium of the borrowing, the discount or premium to be diluted in every accounting period is recognized in the actual rate method.

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

**17. Intangible assets****(1) Accounting method for intangible assets**

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

The follow-up measurements of the Company's intangible assets respectively are: ① the line amortization method is taken on the intangible assets of finite service life, and at the year-end, the check is taken on the service life and dilution of the intangible assets, and the corresponding adjustment is made if there is inconsistency with the previous estimative ones. ② As for the intangible assets of uncertain service life, it is not diluted, however, the service life is checked at year-end; If there is solid evidence to its finite service life, its service life is estimated and diluted in straight line method.

**(2) Estimation of service life of intangible assets of finite service life**

As the service life of the intangible assets of finite service life is estimated, the following factors are considered usually: ① the ordinary service life period of products produced by the assets, and the available information of the service life of the similar assets; ② the present situation of the technology, craftsmanship, etc. ③ the market demand for the products produced by the assets and the labor supply; ④ the expectable actions taken by the present or potential competitor; ⑤ expectant maintenance expenditure for the assets' ability to bring forth the economic interest; ⑥ relevant law rules or similar restrictions on control period of the assets; ⑦ relevancy with the service life of other assets held by the Company.

Item	Expected service life	Basis
------	-----------------------	-------

**(3) Recognition principle of intangible assets with uncertain service life**

Recognized as the intangible assets of uncertain service life is refers to those intangible assets of un-expectable

period of economic benefits brought into the Company, or of the uncertain service period.

Recognition principle of uncertain service life: ① from contract right or other legal rights, the uncertain service period is stipulated in the contract or law; ② after the integration of the situations and relevant expertise argumentation in the same trade, the period of the economic interest brought into the Company by the intangible assets still cannot be recognized.

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

#### **(4) Accrual of impairment of intangible assets**

On balance sheet day, the check is made on the intangible assets for the indication to the impairment; as there is the indication, the recoverable is recognized, and the impairment provision is accrued on the lower one between the book value and the recoverable; once the impairment loss is accrued, it may not be transferred back in later accounting periods.

The recoverable amount on intangible assets shall recognized as the higher one between the fair value of assets less net amount which have been disposal and current value of future predicted cash flow.

#### **(5) Specific division standards of research stage and development stage for internal R&D project of the Company**

#### **(6) Calculation of the expenditure from internal R&D projects**

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

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

##### **19. Accrued liabilities**

###### **(1) Recognition principle of accrued liabilities**

The obligation, which can be measured in a reliable way, will recognize as the accrued liabilities while the duty with contingency concerned is the current obligation for the Company, which may probably causes the outflow of economic interests in fulfillment.

###### **(2) Measurement of accrued liabilities**

The initial measurement is taken according to the best estimator of the expenditure necessary for the fulfillment of

the relevant current liabilities; if the necessary expenditure is of a continual scope and of a same chance of all results within the scope, the intermediate value is recognized as the best estimator; if several items are involved in, the best estimator is recognized according to all likely results and relevant possibilities.

On the balance sheet day, the check is taken on the book value of the accrued liabilities, and the adjustment is made on the book value according to the current best estimator if there is solid evidence to the inability of the book value for the true reflection to the current best estimator.

## **20. Share-based payment and equity instrument**

### **(1) Category of share-based payment**

Share-based payment refers to a transaction in which an enterprise grants equity instruments or undertakes equity-instrument-based liabilities in return for services from employee or other parties. The share-based payments shall consist of equity-settled share-based payments and cash-settled share-based payments.

### **(2) Recognition of fair value of the equity instrument**

As there is the active market, it is recognized on the quotation in the active market;

As there is no active market, it is recognized by the rational evaluation technology including the reference to the price used in the latest market transaction between the parties familiar to situations and voluntary to the transaction, and the reference to the current value of other financial instruments substantially same, discount of cash flow and the option pricing model.

### **(3) Basis of optimum estimate for recognition of vesting equity instrument**

### **(4) Relevant accounting treatment on implementation, modification and termination of the share-based payment plan**

## **21. Revenue**

### **(1) Recognition standards for revenue from goods sales**

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

agreement.

### **(2) Recognition basis of revenue from abalienating the right to use assets**

The Company ascertains the revenue from abalienating of right to use assets while relevant economic interest may flow into and the revenue can be measured in a reliable way.

### **(3) Recognition basis of revenue from providing labor services**

If an enterprise can, on the date of the balance sheet, reliably estimate the outcome of a transaction concerning the labor services it provides, it shall recognize the revenue from providing services employing the percentage-of-completion method. The enterprise can ascertain the schedule of completion (percentage-of-completion) under the transaction concerning the providing of labor services based on calculation of completed works, if an enterprise can not, on the date of the balance sheet, measure the result of a transaction concerning the providing of labor service in a reliable way, it shall be conducted in accordance with the following circumstances, respectively: ①if the cost of labor services incurred is expected to be compensated, the revenue from the providing of labor services shall be recognized in accordance with the amount of the cost of labor services incurred, and the cost of labor services shall be carried forward at the same amount; ②if the cost of labor services incurred is not expected to compensate, the cost incurred should be included in the current profits and losses, and no revenue from the providing of labor services may be recognized.

### **(4) Recognition basis and method of schedule of the contracted project while ascertain the revenue from the providing of labor services by percentage-of-completion method and revenue from construction contract**

## **22. Government subsidy**

### **(1) Category**

Government subsidies consist of the government subsidies pertinent to assets and government subsidies pertinent to income.

### **(2) Accounting method**

The government subsidies pertinent to assets shall be recognized as deferred income, equally distributed within the useful lives of the relevant assets, and included in the current gains/losses; the government subsidies measured at their nominal amounts shall be directly included in the current gains/losses. The government subsidies pertinent to incomes shall be treated respectively in accordance with the circumstances as follows: ①those subsidies used for compensating the related future expenses or losses of the enterprise shall be recognized as deferred income and shall be included in the current gains/losses during the period when the relevant expenses are recognized; ②those subsidies used for compensating the related expenses or losses incurred to the enterprise shall be directly included in the current gains/losses.

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

### **(1) Recognition of deferred income tax asset**

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

off. (2) The deferred income tax assets shall be recognized to the extent of the amount of the taxable income which it is most likely to obtain and which can be deducted from the deductible temporary difference. On balance sheet date, if there have concrete evidence of obtaining, in future period, enough taxable amounts to deduct the deductible temporary difference, the un-confirmed deferred income tax assets in previous accounting period shall be recognized. If there has no enough taxable amounts, obtained in future period, to deducted the deferred income tax assets, book value of the deferred income tax assets shall be kept in decreased. (3) the taxable temporary differences related to the investments of subsidiary companies and associated enterprises shall recognized as deferred income tax liability, unless the Company can control the time of the reverse of temporary differences and the temporary differences are unlikely to be reversed in the expected future. As for the deductible temporary difference related to the investment of the subsidiary companies and associated enterprises, deferred income tax assets shall be recognized while the temporary differences are likely to be reversed in the expected future and it is likely to acquire any amount of taxable income tax that may be used for making up the deductible temporary differences.

## **(2) Recognition of deferred income tax liability**

## **24. Operating lease, financial leasing**

### **(1) Accounting treatment of operating lease**

If, essentially, the Leasing Terms and all risks and remuneration related with ownership of the leased assets are transfer to the lessee, the leasing will consider as financial leasing, other leasing beside that will consider as operating lease.

As a lessee, the Company rented office houses and pay the rent monthly, which was included in current expenses directly.

### **(2) Accounting treatment of financial leasing**

### **(3) Accounting treatment of f leaseback**

## **25. Assets held for sale**

### **(1) Recognition criteria of assets held for sale**

### **(2) Accounting treatment of assets held for sale**

As for the fixed assets held for sale, the net estimative remnant of the capital assets may be adjusted for the reflection of the remnant to the sum of the fair value less the disposal expenses, without above the limit of the

previous book value of the capital assets as up to the conditions of holding assets on sale; And the difference of the previous book value above the net estimative remnant adjusted is reckoned into the current loss/gain.

As for the holding of other non-current assets on saleable, they are dealt with on the above principles; they consist of the single assets and the disposal group; the disposal group is a group of assets which is sold as a whole or disposed together.

## **26.Changes in accounting policies and estimates**

Whether the accounting policies and estimates changed in reporting period or not

Yes No

Not applicable

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

Whether the accounting policies changed in reporting period or not

Yes No

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

Whether the accounting estimates changed in reporting period or not

Yes No

## **27. Correction of previous errors**

Whether the correction of previous errors been found in reporting period or not

Yes No

Not applicable

### **(1) Retrospective restatement**

Whether adopted the retrospective restatement on previous errors correction in reporting period or not

Yes No

### **(2) Prospective application**

Whether adopted the prospective application on previous errors correction in reporting period or not

Yes No



## V. Taxes

### 1. Major tax and tax rate:

Taxes	Taxation basis	Tax rate
VAT	Output tax minor the deductible input tax	17%, 13%
Business tax	Income from leasing	5%
Urban maintenance and construction tax	Turnover taxes payable	7%
Corporate income ax	Taxable amount	25%
Educational surtax	Turnover taxes payable	3%
Local educational surtax	Turnover taxes payable	2%

Income tax rate implemented by vary branches and factories

### 2. Tax preference and approvals

#### (1) Preferential tax for VAT

Pursuant to the Treasury Tax (1997) No. 64 Notice on Taxation on Import of Fishery Equipment and Transport-back of Self-fished Fishery Products of Overseas Fishery Industry Corporation, the self-fished fishery products transported home, is regarded as the non-import domestic products, without taxation of tariff or added-value taxation in the import link. The corresponding domestic sales are attributable to the primary agricultural products sales, and free from added-value tax according to the specific rules of added value tax.

#### (2) Preferential tax for income tax

Pursuant to rules of Treasury Tax [1994] No. 001 <Notice on Several Preference Policies of Corporate Income Tax>, Treasury Tax [1997] No. 114 <Notice on Corporate Income Taxation on Fishing Business of Domestic Fishery Corporation>, Treasury Agriculture [2010] No. 104 <Letter on Opinion on Relevant Problems of Quickening National Overseas Fishery>, President Order of People's Republic of China [2007] No. 63 <Corporate Income Tax Law of People's Republic of China>, the Company's income earns from the overseas fishing business and preliminary process of agricultural products are exempted from corporate income tax.

The Company's income besides one from the overseas fishing business and preliminary process of agricultural products will taxed on 25% for the corporate income tax.

The subsidiary – Shandong Zhonglu Overseas (Yantai) Food Co., Ltd—is a foreign investment corporation, is implemented the tax preference policies of “Two-free, Three-reduction” on according to the original <Law of Income Tax of Foreign Investment Corporation>, but has not enjoyed the preference yet because of no profit, according to the rules of tax preference policies in the transitory period of new <Corporate Income Tax>, with the

preference period starting from 2008. Applicable tax rate for 2010 was 22%, 24% for 2011 and 25% for 2012. The rate for corporate income tax of 2012 was executed by 12.5% actually.

### 3. Others

## VI. Corporate consolidation and consolidated financial statements

### 1. Subsidiaries

For the subsidiaries and special purpose entity whose actual control was held by the Company, included in the range of consolidate financial statement of the Company.

As the Company's financial statements are prepared pursuant to the Accounting Standards for Business Enterprises No. 33 – Consolidated Financial Statements and relevant rules, all substantive inside transactions and dealings within the consolidation scope are balanced out during the consolidation. As for the shareholders' equity not attributable to the Parent Company in the subsidiaries, it is specifically listed as the minority shareholders' equity in the shareholders' equity.

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

As for the subsidiaries obtained in the consolidation of enterprises not under the same control, the adjustment is made on the individual financial statements on the basis the fair value of the identifiable assets on the purchase day. As for the subsidiaries obtained under the same control, the consolidation is regarded as starting at the Year-beginning of the consolidation period, and the assets, liabilities, operation results and the cash flow are reckoned into the consolidated financial statements from the year-beginning in the consolidation period.

#### (1) Subsidiaries obtained from establishment or investment

In RMB

Full name of subsidiary	Type of subsidiary	Register place	Business nature	Registered capital	Business scope	Actual investment at period-end	Balance of other items substantially consisting of net investment in	Shareholding proportion	Voting proportion	Whether consolidated the statement or not	Interest of minority shareholders	Amount of minority shareholders' equity for deducting loss/gain	Balance of owners' equity of parent company for deducting loss in
-------------------------	--------------------	----------------	-----------------	--------------------	----------------	---------------------------------	--	-------------------------	-------------------	---	-----------------------------------	---	---

							subsidiary					n	Period diluted by minority shareholders of subsidiary above share enjoyed in owners' equity at Period-beginning
Shandong Zhonglu Fishery Shipping Co., Ltd.	Limited company	Qingdao, Shandong	Cold storage, transportation	22,505,600	International ocean shipping, accept for carriage of frozen aquatic products	22,505,600.00		100.00%	100.00%	Yes			
Habitat International Corporation	Limited company	Panama	Refrigerated transport	12,476,146	Self-supporting business of refrigerated transport	12,476,146.00		100.00%	100.00%	Yes			
Shandong Zhonglu Oceanic (Yantai) Foods Co., Ltd.	Limited company	Yantai, Shandong	Food processing	75,593,300	Freeze, cold storage, process and sales of aquatic products	75,593,300.00		100.00%	100.00%	Yes			

					, animal products and fruits and vegetables etc.								
Shandong Zhonglu Haiyan Oceanic Co., Ltd.	Limited company	Qingdao, Shandong	Ocean fishery	54,000,000	Offshore fishing, ocean-going fishing	54,000,000.00		51.85%	51.85%	Yes	25,223,707.64	-581,226.86	

Other explanation on subsidiaries obtained through establishment or investments

**(2) Subsidiary obtained through enterprise combination under the same control**

In RMB

Full name of subsidiary	Type of subsidiary	Register place	Business nature	Registered capital	Business scope	Actual investment at period-end	Balance of other items substantially consisting of net investment in subsidiary	Shareholding proportion	Voting proportion	Whether consolidated the statement or not	Interest of minority shareholders	Amount of minority shareholders' equity for deducting loss/gain	Balance of owners' equity of parent company for deducting loss in Period diluted by minority shareholders of subsidiary above share enjoyed in owners' equity at Period-beginning

Other explanation on subsidiaries obtained through enterprise combination under the same control

### (3) Subsidiary obtained through enterprise combination under different control

In RMB

Full name of subsidiary	Type of subsidiary	Register place	Business nature	Registered capital	Business scope	Actual investment at period-end	Balance of other items substantially consisting of net investment in subsidiary	Shareholding proportion	Voting proportion	Whether consolidated the statement or not	Interests of minority shareholders	Amount of minority shareholders' equity for deducting loss/gain	Balance of owners' equity of parent company for deducting loss in Period diluted by minority shareholders of subsidiary above share enjoyed in owners' equity at Period-beginning

Other explanation on subsidiaries obtained through enterprise combination under different control

## 2. Operating entity with controlling rights emerge by way of entrust operation or lease from special purpose entity

In RMB

Name	Major business dealing with Company	Balance of major assets and liabilities recognized in consolidated statement at Period-end
YAW ADDO FISHERIES COMPANY LIMITED	Lease management	Balance of assets was RMB 8108121.07 while liabilities was RMB 16762512.04

Other explanation on operating entity with controlling rights emerge by way of entrust operation or lease from special purpose entity

### 3. Conversion rate of main statement items of overseas operation entity

(1) Conversion method for statement of overseas subsidiary with foreign currency as bookkeeping standard currency

a. The balance item in the balance sheet is converted on the current rate on the balance sheet day; all equity items besides the “retained profit” item, all are converted on the actual rate.

b. The income and expense item in the profit statement are converted on the spot rate on the actual transaction day.

c. The conversion difference in the foreign currency financial start is listed specifically as “Converted difference in foreign currency” in the owners’ equity in the consolidated balance sheet in the preparation of the financial statement.

(2) Rate of conversion of foreign currency statement in Period

a. The spot exchange rate of US\$ : RMB = 1: 6.1787 on the balance sheet day is used for the balance sheet item in the balance sheet.

b. The spot rate on the actual transaction day is used for the income and expense item in the profit statement.

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

### 1. Monetary fund

In RMB

Item	Closing amount			Opening amount		
	In foreign currency	Conversion rate	In RMB	In foreign currency	Conversion rate	In RMB
Cash:	--	--	576,588.70	--	--	605,694.05
RMB	--	--	301,351.86	--	--	287,971.83
USD	35,638.12	6.15	219,274.22	50,434.36	6.0969	307,493.25
GNF	389,200.00	0.01	4,866.32			
EUR	1,215.00	8.39	10,199.44	1,215.00	8.4189	10,228.97
GHC	19,940.82	2.05	40,896.86			
Bank deposit:	--	--	40,790,572.52	--	--	51,793,889.06
RMB	--	--	22,106,188.98	--	--	32,519,336.75
USD	2,957,659.82	6.15	18,197,889.34	1,814,071.26	6.0969	11,060,211.07
JPY	361,808.00	0.06	22,003.35	141,207,978.00	0.057771	8,157,726.10
GHC	198,908.99	2.05	407,944.98			
EUR	6,462.16	8.39	54,247.25	6,462.16	8.4189	54,404.26
SGD	462.09	4.97	2,298.62	462.90	4.7845	2,210.87
Other monetary fund:	--	--	967,122.20	--	--	1,536,142.55
RMB	--	--	967,122.20	--	--	1,536,142.55
Total	--	--	42,334,283.42	--	--	53,935,725.66

Special statements should be given to the fund of using limitation, disposal aboard and potential risk recovery as mortgage, pledge or

freeze:

Note: closing balance of other monetary fund was RMB 967,122.20, of which LC margin was RMB 967,122.20

**2. Account receivable****(1) Category of account receivable**

In RMB

Category	Closing amount				Opening amount			
	Book balance		Bad debt provision		Book balance		Bad debt provision	
	Amount	Proportion	Amount	Proportion	Amount	Proportion	Amount	Proportion
Account receivable with bad debt provision accrual by portfolio								
Age portfolio	8,131,988.6 0		6,376,198.0 2		19,225,04 1.16	100.00%	6,398,394.90	33.28%
Subtotal	8,131,988.6 0	100.00%	6,376,198.0 2	78.41%	19,225,04 1.16	100.00%	6,398,394.90	33.28%
Total	8,131,988.6 0	--	6,376,198.0 2	--	19,225,04 1.16	--	6,398,394.90	--

Explanation on category of account receivable

Explanation on category of account receivable: Account receivable with major single amount refers to the accounts receivable from clients with over RMB one million (RMB one million included), the Company will withdrawal the bad debt provision by account age while no impairment been found in testing. Account receivable of bad debt provision withdrawal by portfolio refers to the account receivable with major single amount without withdrawal bad debt provision singly and the accounts without major single amount and major risks, the Company will withdrawal bad debt provision by account age while no impairment been found in testing.

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

Applicable Not applicable

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

Applicable Not applicable

In RMB

Account age	Closing amount			Opening amount		
	Book balance		Bad debt provision	Book balance		Bad debt provision
	Amount	Proportion		Amount	Proportion	
Within one year						
Including:	--	--	--	--	--	--
Within six months	2,262,970.39	28.00%	633,179.95	13,247,895.70	68.91%	662,394.80
6 months to 1 year				197,280.70	1.03%	19,728.07
Subtotal within one year	2,262,970.39	28.00%	633,179.95	13,445,176.40		682,122.87
1-2 years	180,000.20	2.00%	54,000.06	90,846.75	0.47%	27,254.02

Over three years	5,689,018.01	70.00%	5,689,018.01	5,689,018.01	29.59%	5,689,018.01
Total	8,131,988.60	--	6,376,198.02	19,225,041.16	--	6,398,394.90

Account receivable with bad debt provision withdrawal by method of percentage of balance in portfolio

Applicable Not applicable

Account receivable withdrawing bad bed provision by other methods in portfolio

Applicable Not applicable

Account receivable with minor single amount but has individual bad debt provision accrual at period-end

Applicable Not applicable

## (2) Other account receivable switch-back or taken back in reporting period

In RMB

Other account receivable	Reason of switch back or take back	Determination basis for original bad debt reserves	Amount of bad bed provision accrual accumulatively before switch-back or taken back	Amount switch back or taken back

Accrual of bad debt provision for other account receivable with major single amount or with minor amount but have impairment test independently at period

In RMB

Account receivable	Book balance	Bad debt	Accrual proportion	Reasons

Explanation on other account receivable with minor single amount but have major risks after combined with risk characteristic of the credit

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

In RMB

Name of the company	Nature	Verification ime	Amount verified	Reasons	Occurred due to related transaction (Y/N)

Explantion on account receivable written-off

## (4) Account receivables due from the shareholders holding 5% or above voting shares of the Company during the reporting period

In RMB

Name of the company	Closing amount		Opening amount	
	Book balance	Bad debt amount accrual	Book balance	Bad debt amount accrual



**(5) Top five clients in account receivable**

In RMB

Name	Relations with Company	Amount	Aging	Proportion in total account receivable
PANDA	Non-related party	3,600,962.12	Over three years	44.28%
Beijing Shotamuni Co., Ltd.	Non-related party	586,297.40	Within six months	7.21%
Cheng Niantao	Non-related party	436,807.37	Within six months	5.37%
Haifeng Company	Non-related party	430,625.10	Over three years	5.30%
Taiwan Xipu	Non-related party	364,600.00	Within six months	4.48%
Total	--	5,419,291.99	--	66.64%

**(6) Account receivables due from related parties**

In RMB

Name of the company	Relationship with the Company	Amount	Proportion in total account receivables (%)

**(7) Account receivables derecognized**

In RMB

Item	De-recognition amount	Gains or losses related to derecognizing

**(8) As for securities with account receivables as target subject, list the assets and liabilities arising from further involvement**

In RMB

Item	Closing amount
Assets:	
Liabilities:	

**3. Other account receivable****(1) Category of other account receivable**

In RMB

Category	Closing amount		Opening amount	
	Book balance	Bad debt provision	Book balance	Bad debt provision

	Amount	Proportion	Amount	Proportion	Amount	Proportion	Amount	Proportion
Other receivable with single significant amount and withdrawal bad debt provision separately	1,000,000.00	13.46%			1,000,000.00	13.18%		
Other account receivable with bad debt provision accrual by portfolio								
Age portfolio	6,428,677.43	86.54%	4,406,937.91	68.55%	6,586,535.93	86.82%	4,433,148.89	67.31%
Subtotal	6,428,677.43	86.54%	4,406,937.91	68.55%	6,586,535.93	86.82%	4,433,148.89	67.31%
Total	7,428,677.43	--	4,406,937.91	--	7,586,535.93	--	4,433,148.89	--

Explanation on category of other account receivable

Note: other account receivable with major single amount refers to the other accounts receivable with over RMB one million (RMB one million included), the Company will withdrawal the bad debt provision by account age while no impairment been found in testing. Other account receivable of bad debt provision withdrawal by portfolio refers to the other account receivable with major single amount without withdrawal bad debt provision singly and the accounts without major single amount and major risks, the Company will withdrawal bad debt provision by account age while no impairment been found in testing.

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

Applicable  Not applicable

In RMB

Contents of other receivables	Book balance	Bad debt amount	Provision proportion (%)	Reason
Shandong Marine Affairs Bureau	1,000,000.00			Refers to the crew assigning deposit paid to government and related departments, the amount has no risk of recovery without bad debt accrual
Total	1,000,000.00		--	--

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

Applicable  Not applicable

In RMB

Account age	Closing amount			Opening amount		
	Book balance		Bad debt provision	Book balance		Bad debt provision
	Amount	Proportion		Amount	Proportion	
Within one year						
Including:						

Within six months	1,943,851.05	30.24%	92,396.94	2,033,068.26	26.81%	101,653.41
6 months to 1 year	43,953.06	0.68%	32,802.30	158,870.69	2.09%	15,887.07
Subtotal within one year	1,087,804.11	16.92%		2,191,938.95	33.28%	117,540.48
1-2years	1,041,270.00	16.20%	14,329.15	77,599.20	1.02%	23,279.76
2-3years	32,193.80	0.50%		49,338.26	0.62%	24,669.13
Over three years	4,267,409.52	66.38%	4,267,409.52	4,267,659.52	56.25%	4,267,659.52
Total	6,428,677.43	--	4,406,937.91	6,586,535.93	--	4,433,148.89

Other account receivable with bad debt provision withdrawal by method of percentage of balance in portfolio

Applicable Not applicable

Withdrawing bad bed provision by other methods in portfolio

Applicable Not applicable

Other account receivable with minor single amount but has individual bad debt provision accrual at period-end

Applicable Not applicable

## (2) Other account receivable switch-back or taken back in reporting period

In RMB

Other account receivable	Reason of switch back or take back	Determination basis for original bad debt reserves	Amount of bad bed provision accrual accumulatively before switch-back or taken back	Amount switch back or taken back
--------------------------	------------------------------------	--	---	----------------------------------

Accrual of bad debt provision for other account receivable with major single amount or with minor amount but have impairment test independently at period

In RMB

Account receivable	Book balance	Bad debt	Accrual proportion	Reasons
--------------------	--------------	----------	--------------------	---------

Explanation on other receivable with single minor amount while the risks of the group categorized with similar risk characteristics are relative significant:

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

In RMB

Name of the company	Nature of other receivables	Time of write-off	Amount written off	Reason for write-off	Arising from related transactions (Y/N)
---------------------	-----------------------------	-------------------	--------------------	----------------------	---

Explanation on write-off of other receivables:

## (4) Other receivables due from the shareholders holding 5% or above voting shares of the Company during the reporting period

In RMB

Name of the company	Closing amount		Opening amount	
	Book balance	Bad debt provision accrual	Book balance	Bad debt provision accrual

**(5) Nature or content of other receivables with significant amount**

In RMB

Name of the company	Amount	Nature or content of account	Proportion in total other receivables
---------------------	--------	------------------------------	---------------------------------------

Explanation:

**(6) Top five clients in other account receivable**

In RMB

Name	Relations with Company	Amount	Aging	Proportion in total other account receivable
Shandong Marine Affairs Bureau	Non-related	1,000,000.00	1-2 years	13.00%
Japan Daihatsu	Non-related	288,896.39	Over three years	4.00%
Board wages for crew	Business	242,953.98	Within six months	3.00%
Wende Ship Repair Company	Non-related	200,000.00	Over three years	3.00%
Qingdao Xiujian Installation Company	Non-related	195,044.00	Over three years	3.00%
				3.00%
Total	--	1,926,894.37	--	29.00%

**(7) Other receivables due from related parties**

In RMB

Name of the company	Relationship with the Company	Amount	Proportion in total other receivables
---------------------	-------------------------------	--------	---------------------------------------

**(8) Other receivables derecognized**

In RMB

Item	De-recognition amount	Gains or losses related to de-recognition
------	-----------------------	---

**(9) As for securities with other receivables as target subject, list the assets and liabilities arising from further involvement**

In RMB

Item	Closing amount
Assets:	
Liabilities:	

**(10) Government subsidy recognized by amount receivable at end of period**

In RMB

Name of the company	Item of government subsidy	Closing balance	Age of period-end	Time to collected estimated	Amount estimated to obtained	Basis for obtained	Reasons of fails to collected amount in estimated time (if applicable)

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

In RMB

Account age	Closing amount		Opening amount	
	Amount	Proportion	Amount	Proportion
Within one year	26,033,272.96	99.89%	12,998,531.47	99.40%
1-2years	27,868.49	0.11%	31,402.27	0.24%
2-3years			47,013.26	0.36%
Total	26,061,141.45	--	13,076,947.00	--

Explanation on account age of prepayment

The closing balance of prepayment increased 99.29 compare with opening balance, mainly due to the prepayment of tuna raw materials purchased by Yantai Foods Company and the common-of-piscary paid in advance by Qingdao Haiwei Branch

**(2) Top five clients in prepayment**

In RMB

Name	Relations with Company	Amount	Aging	Un-settled reasons
Common-of-piscary in Papua New Guine	Non-related party	3,758,520.02	Within one year	
Penglai Jingyuan Food Co., Ltd.	Non-related party	3,388,360.00	Within one year	

Penglai Jinglu Fishery Co., Ltd.	Non-related party	2,614,388.00	Within one year	
Common-of-piscary in Nauru	Non-related party	2,441,554.48	Within one year	
Common-of-piscary in Micronesia	Non-related party	2,247,084.00	Within one year	
Total	--	14,449,906.50	--	--

Explanation on clients of prepayment

### (3) Shareholders holding 5% or above voting shares of the Company in prepayments during the reporting period

In RMB

Name of the company	Closing amount		Opening amount	
	Book balance	Bad debt provision accrual	Book balance	Bad debt provision accrual

### (4) Explanation on prepayment

## 5. Inventory

### (1) Category of inventory

In RMB

Item	Closing amount			Opening amount		
	Book balance	Provision for price fall-down	Book value	Book balance	Provision for price fall-down	Book value
Raw materials	79,265,172.57	51,082.91	79,214,089.66	79,061,155.40	51,082.91	79,010,072.49
Inventory	147,714,240.37	8,296,687.24	139,417,553.13	171,034,803.44	29,789,106.90	141,245,696.54
Low value consumable	664,242.46		664,242.46	756,001.87		756,001.87
Packaging	51,994.24		51,994.24	638,481.60		638,481.60
Total	227,695,649.64	8,347,770.15	219,347,879.49	251,490,442.31	29,840,189.81	221,650,252.50

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

In RMB

Items	Opening book balance	Accrual in this period Accrual in Period	Decreased in this period Decrease in Period		Closing book balance
			Switch back	Written-off	

Raw materials	51,082.91				51,082.91
Inventory	29,789,106.90			21,492,419.66	8,296,687.24
Total	29,840,189.81			21,492,419.66	8,347,770.15

### (3) Provision for price fall-down of inventory

Item	Accrual basis of provision for price fall-down	Reasons of provision for price fall-down switch back in Period	Ratio of amount switch back in Period in closing balance of the inventory
------	--	--	---

Explanation on inventory

In reporting period, the Company seized the opportunity of stable soaring price in ultra cool long lines tuna precisely, sell out majority of the stock at end of last period decidedly, and written-off 21,492,419.66 Yuan the inventory falling price reserves that withdrawal last period

## 6. Other current assets

In RMB

Item	Closing amount	Opening amount
Financing products		7,000,000.00
Total		7,000,000.00

Explanation on other current assets

Other current assets 7 million Yuan refers to the financing products “Golden Years” from CMBC, the product purchased on 10 December 2013 and expired on 15 January 2014, and has redeemed on due date

## 7. Long term equity investment

### (1) Long term equity investment

In RMB

Invested company	Calculation method	Investment cost	Opening balance	Increase/decrease change	Closing balance	Shareholding proportion in invested company	Voting proportion in invested company	Explanation on inconsistency in proportion between the shareholding and voting	Provision for depreciation	Accrual of provision for impairment in Period	Cash dividend in Period
South Securities	Cost method	33,000,000.00	33,000,000.00		33,000,000.00	0.87%	0.87%		33,000,000.00		

Co., Ltd.											
Total	--	33,000,00 0.00	33,000,00 0.00		33,000,00 0.00	--	--	--	33,000,00 0.00		

## (2) Condition of restriction in aspect of transferring capital to investment enterprises

In RMB

Projects of long term equity investment that restricted in capital transfer to investment enterprises	Restricted reasons	Amount of investment loss un-confirmed accumulative in this period
---	--------------------	--

Explanation on long term equity investment

Concerning South Securities Co., Ltd. had been canceled the license for securities business and charged to close down as the administrative punishment by the CSRC on 29 April 2005, it was announced to be bankrupt by Shenzhen Intermediate Court, and the proportion for the impairment of the long-term investment has been accrued on the book value in full sum on the stock in the South Securities Company.

Intermediate People's Court of Shenzhen, Guangzhou, issued a civil ruling paper ((2006) Shen Zhong Fa Min Qi Zi No.: 26-246) dated 17 December 2012 as: "1. terminated the bankruptcy procedure of South Securities Co., Ltd.; 2. Retain part of the members of bankruptcy liquidation group for the liquidation. The ruling will come into force as of today." The civil ruling paper states that "distribution ratio of the bankruptcy assets from bankruptcy case of South Securities reached to 64%"

## 8. Investment real estate

### (1) Investment real estate measure on cost

In RMB

Item	Opening book balance	Increase in Period	Decrease in Period	Closing book balance
I. Total original book value	47,120,794.80			47,120,794.80
1. House, building	47,120,794.80			47,120,794.80
II. Total accumulative depreciation and amortization	10,239,894.00	609,332.76		10,849,226.76
1. House, building	10,239,894.00	609,332.76		10,849,226.76
III. Total net book value of investment real estate	36,880,900.80	-609,332.76		36,271,568.04
1. House, building	36,880,900.80	-609,332.76		36,271,568.04
IV. Total accumulative	886,512.06			886,512.06



provision for investment real estate provision				
1. House, building	886,512.06			886,512.06
V. Total book value of investment real estate	35,994,388.74	-609,332.76		35,385,055.98
1. House, building	35,994,388.74	-609,332.76		35,385,055.98

In RMB

	Current
Amount of depreciation and amortization in Period	609,332.76

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

In RMB

Item	Opening fair value	Increase in Period			Decrease in Period		Closing fair value
		Purchased	Transfer-in from self-used property or inventory	Gains/losses from changes of fair value	Disposal	Transfer as self-used property	

Explain the investment real estate with measurement mode changed in reporting period and investment real estate without a property certificate required. Explain the reasons on un-settle certificate and time expected to completed

In accordance with the “Civil Ruling Paper” (2005) Li Zhi Zi No.: 1299 from People’s Court of Lixia District, Jinan in July 2006, the comprehensive buildings owned by Shandong Group Corp. of Fisheries Enterprises (totally 7430 M<sup>2</sup> including 1/B, 1/F to 3/F and 6/F to 13/F as well as land use right of 1847M<sup>2</sup>) locates in No. 43, Heping Rd., Lixia District, Jinan City along with the offices supplies are compensate for the arrears to Shandong Zhonglu Oceanic Fisheries Co., Ltd. As RMB 55,129,673.57 (relevant notice was published on Securities Times and Hong Kong Wen Wei Po dated 25 July 2006). The aforesaid lands belongs to the allocated lands without constuction planning permit and has no property certificate hold. The Company still coordinate with local government in aspect of the property certificates currently.

**9. Fixed assets****(1) Fixed assets**

In RMB

Item	Opening book balance	Increase in Period	Decrease in Period	Closing book balance
I. Total original book value:	537,557,642.41	3,301,974.66	1,324,924.01	539,534,693.06
Including: House and building	73,782,609.11			73,782,609.11

Machine equipment	28,965,251.71		3,102,730.80	735,193.53	31,332,788.98
Transportation vehicle	6,313,597.59		45,443.97	571,850.52	5,787,191.04
Vessels	419,107,794.05		94,276.85	3,784.23	419,198,286.67
Furniture and office appliances	9,388,389.95		59,523.04	14,095.73	9,433,817.26
--	Opening book balance	Increase in Period	Accrual in Period	Decrease in Period	Closing balance
II. Total accumulative depreciation	147,990,038.86		13,039,039.06	909,295.12	160,119,782.80
Including: House and building	14,318,968.70		1,018,285.86		15,337,254.56
Machine equipment	10,368,460.86		1,525,549.06	350,352.32	11,543,657.60
Transportation vehicle	3,475,913.21		390,225.21	546,256.64	3,319,881.78
Vessels	112,773,103.80		9,903,960.64		122,677,064.44
Furniture and office appliances	7,053,592.29		201,018.29	12,686.16	7,241,924.42
--	Opening book balance		--		Closing balance
III. Total net book value of fixed assets	389,567,603.55		--		379,414,910.26
Including: House and building	59,463,640.41		--		59,463,640.41
Machine equipment	18,596,790.85		--		18,596,790.85
Transportation vehicle	2,837,684.38		--		2,837,684.38
Vessels	298,763,110.25		--		306,334,690.25
Furniture and office appliances	2,334,797.66		--		2,334,797.66
IV. Total provision for depreciation	7,571,580.00		--		7,571,580.00
Vessels	7,571,580.00		--		7,571,580.00
Furniture and office appliances			--		
V. Total book value of fixed assets	381,996,023.55		--		371,843,330.26
Including: House and	59,463,640.41		--		58,445,354.55

building			
Machine equipment	18,596,790.85	--	19,789,131.38
Transportation vehicle	2,837,684.38	--	2,467,309.26
Vessels	298,763,110.25	--	288,949,642.23
Furniture and office appliances	2,334,797.66	--	2,191,892.84

Total RMB 12,129,743.94 depreciated in this period; RMB 0.00 was transfer to fixed assets from project in progress in this period

## (2) Temporary idle fixed assets

In RMB

Item	Original book value	Depreciation accumulative	Impairment provision	Net book value	Note
------	---------------------	---------------------------	----------------------	----------------	------

## (3) Fixed assets leasing-in by financing lease

In RMB

Item	Original book value	Depreciation accumulative	Net book value
------	---------------------	---------------------------	----------------

## (4) Fixed assets leasing-out by operational lease

In RMB

Types	Closing book value
-------	--------------------

## (5) Fixed assets held for sale in period-end

In RMB

Item	Book value	Fair value	Disposal expense predicted	Disposal date predicted
------	------------	------------	----------------------------	-------------------------

## (6) Fixed assets without property certificate obtained

Item	Reasons for certificate un-settled	Time expected to completed the certificate
------	------------------------------------	--

Explanation on fixed assets

- Fixed assets increased RMB 3,301,974.66 in Period, mainly because machine equipment was purchased by Yantai Foods Company.
- Pledge of fixed assets: In order to obtained the comprehensive credit line of RMB 27 million, the production-used house with original value of RMB 22,651,704.00, and land use right of 33,333.30 M<sup>2</sup> were pledge by subsidiary Zhonglu Oceanic (Yantai) Foods Co., Ltd. RMB 18,858,210.07 short-term borrowing has received.
- In accordance with the "Civil Ruling Paper" (2005) Li Zhi Zi No.: 1299 from People's Court of Lixia District, Jinan in July 2006, the comprehensive buildings owned by Shandong Group Corp. of Fisheries Enterprises (totally 7430 M<sup>2</sup> including 1/B, 1/F to 3/F and 6/F to 13/F as well as land use right of 1847M<sup>2</sup>) locates in No. 43, Heping Rd., Lixia District, Jinan City along with the offices supplies are compensate for the arrears to Shandong Zhonglu Oceanic Fisheries Co., Ltd. As RMB 55,129,673.57 (relevant notice was published on Securities Times and Hong Kong Wen Wei Po dated 25 July 2006). The aforesaid lands belongs to the allocated lands without constuction planning permit and has no property certificate hold. The Company still coordinate with local government

in aspect of the property certificates currently.

## 10. Project in progress

### (1) Project in progress

In RMB

Item	Closing amount			Opening amount		
	Book balance	Provision for depreciation	Book value	Book balance	Provision for depreciation	Book value
Xinmaofeng (new ship)	3,184,538.43		3,184,538.43			
Taihong 6	5,663,515.79		5,663,515.79			
No.58 Fuyangwan				503,686.68		503,686.68
Total	8,848,054.22		8,848,054.22	503,686.68		503,686.68

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

In RMB

Item	Budget	Opening amount	Increase in Period	Transfer to fixed assets	Other decreasing	Proportion of project investment in budget	Work progress	Accumulative amount of interest capitalization	Including: interest capitalization in Period	Capitalizing rate	Capital resources	Closing amount
Xinmaofeng	30,000,000.00		3,184,538.43									
Taihong 6	7,600,000.00	503,687.00	5,159,829.00									
Total	37,600,000.00	503,687.00	8,344,367.43			--	--			--	--	

Explanation on changes of project in progress

1. Wholly-owned subsidiary of the Company HABITAT INTERNATIONAL CORPORATION plans to purchased a second-hand transport ship, US\$ 495,000 earnest money had been paid;
2. Subsidiary of the Company Shandong Zhonglu Haiyan Oceanic Co., Ltd. newly purchased a second-hand tuna long liner, the ship is in process of renovation, managing relevant certificate, and will set sail recently.

**(3) Impairment provision of construction in process**

In RMB

Item	Opening amount	Increase during the period	Decrease during this period	Closing amount	Accrual Reason
------	----------------	----------------------------	-----------------------------	----------------	----------------

**(4) Progress of material construction in progress**

Item	progress	Note
------	----------	------

**(5) Explanation on construction in process****11. Intangible assets****(1) Intangible assets**

In RMB

Item	Opening book balance	Increase in Period	Decrease in Period	Closing book balance
I. Total original book value	10,094,529.00			10,094,529.00
Land use right of Yantai Foods	9,929,529.00			9,929,529.00
Other	165,000.00			165,000.00
II. Total amount of accumulated amortization	3,126,110.24	122,008.50		3,248,118.74
Land use right of Yantai Foods	2,978,853.44	118,208.52		3,097,061.96
Other	147,256.80	3,799.98		151,056.78
III. Total net book value of intangible assets	6,968,418.76	-122,008.50		6,846,410.26
Land use right of Yantai Foods	6,950,675.56	-118,208.52		6,832,467.04
Other	17,743.20	-3,799.98		13,943.22
Land use right of Yantai Foods				
Other				
Total book value of intangible assets	6,968,418.76	-122,008.50		6,846,410.26
Land use right of Yantai Foods	6,950,675.56	-118,208.52		6,832,467.04
Other	17,743.20	-3,799.98		13,943.22

RMB 122,008.50 amortized in Period

**(2) Expenditure of project development**

In RMB

Item	Opening amount	Increase during the period	Decrease during this period		Closing amount
			Record into current gains and losses	Confirm as intangible assets	

The proportion of development expenditure of total expenditure in R&amp;D projects in reporting period

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

For development projects, including single price over one million Yuan occurred in this period and the assessment price have been kept in book, disclosed the assessment institution and way of assessment:

**12. Long-term deferred expenditure**

In RMB

Item	Opening amount	Increase in Period	Amortized in Period	Other decreased	Closing amount	Reasons of other decreased
	40,889.00				40,889.00	
Total	40,889.00				40,889.00	--

Explanation on long-term deferred expenditure

The Improvement expenditure (decoration costs) of rent-in fixed assets from Shandong Zhonglu Fishery Shipping Co., Ltd., amortized in 3 years after construction completed.

**13. Deferred income tax asset and deferred income tax liability****(1) Amount of deferred income tax asset and deferred income tax liability before trade-off**

Deferred income tax asset and deferred income tax liability ascertained

In RMB

Item	Closing amount	Opening amount
Deferred income tax asset:		
Impairment of assets	171,707.51	171,707.51
Subtotal	171,707.51	171,707.51
Deferred income tax liability:		

Deferred income tax asset without confirmed

In RMB

Item	Closing amount	Opening amount

Deductible losses of deferred income tax asset without confirmed will expired in later year

In RMB

Year	Closing amount	Opening amount	Note

Taxable difference and deductible difference

In RMB

Item	Amount of temporary differences	
	Period-end	Period-begin
Taxable difference		
Deductible difference		

**(2) Amount of deferred income tax asset and deferred income tax liability after trade-off**

Composition of deferred income tax asset and liabilities after trade-off

In RMB

Item	Deferred income tax asset or liability after trade-off at period-end	Deductible or taxable temporary differences after trade-off at period-end	Deferred income tax asset or liability after trade-off at period-begin	Deductible or taxable temporary differences after trade-off at period-begin
Deferred income tax asset	171,707.51		171,707.51	

Trade-off between the deferred income tax asset and deferred income tax liability

In RMB

Item	Amount trade-off in Period

Explanation on deferred income tax asset and deferred income tax liability

**14. Impairment of assets**

In RMB

Item	Opening book balance	Increase in Period	Decrease in Period		Closing book balance
			Switch-back	Written-off	
I. Bad debt provision	10,831,543.79				10,831,543.79
II. Provision for price fall-down of inventory	29,840,189.81			21,492,419.66	8,347,770.15
V. Provision for depreciation of long term equity investment	33,000,000.00				33,000,000.00
VI. Provision for depreciation of investment real estate	886,512.06				886,512.06
VII. Provision for depreciation of fixed assets	7,571,580.00				7,571,580.00
Total	82,129,825.66			21,492,419.66	60,637,406.00

Explanation on provision for depreciation of assets

**15. Short-term borrowing****(1) Short-term borrowing**

In RMB

Item	Closing amount	Opening amount
Mortgage loan	18,858,210.07	21,607,961.51
Credit loan	10,400,000.00	
Total	29,258,210.07	21,607,961.51

Explanation on category of short-term borrowing

In order to obtain the comprehensive credit line of RMB 27 million, the production-used house with original value of RMB 22,651,704.00, and land use right of 33,333.30 M<sup>2</sup> were pledged by subsidiary Zhonglu Oceanic (Yantai) Foods Co., Ltd. RMB 18,858,210.07 short-term borrowing has received. On 19 May 2014, the Company entered into a Loan Contract with Jinan Lixia sub-branch of ICBC for RMB 10.40 million borrowed with term of 6 months.

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

In RMB

Unit	Loan amount	Loan rates	Using in	Reasons of un-paid	Predicted payment date

Amount paid after balance sheet date.

Explanation on short-term loans: for those expired short-term loans obtained expansion period, explain the expansion condition and new expiration:

**16. Account payable****(1) Account payable**

In RMB

Item	Closing amount	Opening amount
Within one year	59,391,968.06	71,759,047.93
1-2 years		
2-3 years		
Over three years	4,258,033.37	4,253,594.84
Total	63,650,001.43	76,012,642.77

**(2) Accounts payable to shareholders holding 5% or above voting shares of the Company**

In RMB

Name of the company	Closing amount	Opening amount



**(3) Explanation on major account payable over one year****17. Account received in advance****(1) Account received in advance**

In RMB

Item	Closing amount	Opening amount
Within 1 year	402,929.57	11,796,951.28
1-2 years		
2-3 years		
Over three years	349,863.72	349,863.72
Total	752,793.29	12,146,815.00

**(2)Accounts received in advance to shareholders holding 5% or above voting shares of the Company**

In RMB

Name of the company	Closing amount	Opening amount

**(3) Explanation on major account received in advance with over one year age:****18. Salary payable**

In RMB

Item	Opening book balance	Increase in Period	Decrease in Period	Closing book balance
I. Salary, bonus, allowance and subsidy	14,391,510.83	34,200,034.00	36,929,405.84	11,662,138.99
II. Employee Welfare expenses		1,484,902.57	1,413,653.15	71,249.42
III. Social insurance		4,629,931.37	4,629,931.37	
Including: Medical insurance		1,363,564.90	1,363,564.90	
Basic pension insurance		2,745,345.27	2,745,345.27	
Unemployment insurance		154,013.41	154,013.41	
Injury insurance		161,010.87	161,010.87	
Maternity insurance		156,823.72	156,823.72	
IV. Housing accumulation fund	37,421.98	1,188,456.18	1,050,642.92	175,235.24

V. Dismissal welfare		40,000.00	40,000.00	
VI. Other	1,095,809.79	363,191.18	406,414.81	1,052,586.16
Total	15,524,742.60	41,906,515.30	44,470,048.09	12,961,209.81

RMB 0.00 was defaulted in salary payable

Fund of labor union and education was RMB 406,414.81, non-monetary welfare was RMB 0.00, and compensation due to labor relationship terminated was RMB 40,000.00.

The wages payable expected to pay and the amount for payment:

## 19. Tax payable

In RMB

Item	Closing amount	Opening amount
VAT	-6,919,687.06	-11,784,115.02
Business tax	3,006.25	65,548.07
Corporate income tax	-88,480.55	-4,360.17
Individual income tax	73,213.45	190,551.71
Urban maintenance and construction tax	376.25	4,938.01
House property tax	210,945.46	154,310.33
Land use tax	82,750.00	82,750.00
Educational surtax	257.13	2,116.29
Other	28,587.98	37,922.22
Total	-6,609,031.09	-11,250,338.56

Taxes payable, that the tax authorities agreed to the branch companies, subsidiaries of taxable income between mutual dispensing, and shall explain tax calculation process:

## 20. Interest payable

In RMB

Item	Closing amount	Opening amount
Installment and interest due repayment of principal long-term loan interest		67,211.91
Short-term borrowing interest payable		115,653.14
Total		182,865.05

Explanation on interest payable

## 21. Dividends payable

In RMB

Name	Closing amount	Opening amount	Reasons for unpaid over one year
Luyin Investment Group Co., Ltd.	45,109.80	45,109.80	
Shandong Airlines Co., Ltd.	32,110.00	32,110.00	
CNHTC Jinan Truck Co., Ltd.	350,000.00	350,000.00	
Shandong Detai Decorating Co., Ltd.	32,110.00	32,110.00	
Total	459,329.80	459,329.80	--

Explanation on dividends payable

## 22. Other account payable

### (1) Other account payable

In RMB

Item	Closing amount	Opening amount
Within one year	2,326,178.54	3,327,906.70
1-2 years	95,416.96	19,943.40
2-3 years	257,873.70	3,125,621.09
Over three years	4,672,203.26	923,892.10
Total	7,351,672.46	7,397,363.29

### (2) Others payable due to shareholders units holding over 5% (5% included) voting shares of the Company at period-end

In RMB

Name of the company	Closing amount	Opening amount

### (3) Explanation on other account payable with over one year age

### (4) Explanation on unit of major connected amount for other account payable

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

### (1) Non-current liabilities due within one year

In RMB

Item	Closing amount	Opening amount
Long-term loans due within one year	10,038,164.53	18,162,141.05
Total	10,038,164.53	18,162,141.05

### (2) Long-term loans due within one year

Long-term loans due within one year

In RMB

Item	Closing amount	Opening amount
Credit loan	10,038,164.53	18,162,141.05
Total	10,038,164.53	18,162,141.05

Amount of RMB 0.00 was extended due to overdue in long-term loans due within one year

Top five long-term loans due within one year

In RMB

Company	Loans dated from	Loans ended	Currency	Rate	Closing amount		Opening amount	
					In foreign currency	In RMB	In foreign currency	In RMB
Jinan Lixia Branch of ICBC	2012-10-31	2015-10-30	RMB	7.07%		9,597,777.78		18,162,141.05
Total	--	--	--	--	--	9,597,777.78	--	18,162,141.05

Overdue loans in long-term loans due within one year

In RMB

Company	Amount loans	Overdue time	Annual rate	Purpose of loans	Reasons for overdue	Expected payment date

Amount RMB 4,798,888.89 was paid after balance sheet date

Explanation on long-term loans due within one year:

Note: On 11 June 2012, the Company entered into a loan agreement with Jinan Lixia Branch of ICBC for loan of RMB 58,000,000.00. The loan terms from 31 October 2012 to 30 October 2015, RMB 34,640,000.00 was drawing in the Period actually. The principal RMB 9,597,777.78 paid in 2014 was listed under the item of "Non-current liabilities due within one year". Other non-current liability roll in – Constuction special fund RMB 419,104.68, other non-current liability roll in – fiscal ship-building discount RMB 21,282.07.

### (3) Bond payable due within one year

In RMB

Name	Value	Issuing date	Terms	Issuing amount	Interest payable at period-begin	Interest payable in this period	Interest paid in this period	Interest payable in this period-end	Balance at period-end

Explanation on bond payable due within one year:

### (4) Long-term account payable due within one year

In RMB

Unit	Terms	Initial amount	Rate	Interest reckoned	Amount at period-end	Loan condition

Explanation on long-term account payable due within one year:

## 24. Long-term loans

### (1) Long-term loans

In RMB

Item	Closing amount	Opening amount
Credit loan	17,246,666.66	17,246,666.66
Total	17,246,666.66	17,246,666.66

Explanation on long-term loans

1. On 11 June 2012, the Company entered into a loans agreement with Jinan Lixia Branch of ICBC for borrowing RMB 58,000,000.00 dated from 31 October 2012 to 30 October 2015. Actually RMB 34,640,000.00 loans were withdrawal in the Period. The principal of loans RMB 7,697,777.78 payable was listed under the “Non-current liabilities due within one year”

2. On 3 April 2013, the Company entered into a loans agreement with Jinan Lixia Branch of ICBC for borrowing RMB 10,000,000.00 dated from 8 April 2013 to 1 April 2016. And actually RMB 7,600,000.00 loans were withdrawal in the Period.

### (2) Top five long-term loans

In RMB

Company	Loans dated from	Loans ended	Currency	Rate	Closing amount		Opening amount	
					In foreign currency	In RMB	In foreign currency	In RMB
Jinan Lixia Branch of ICBC	2012-10-31	2015-10-30	RMB	7.07%		9,646,666.66		9,646,666.66
Jinan Lixia Branch of ICBC	2013-04-08	2016-04-01	RMB	6.77%		7,600,000.00		7,600,000.00
			--					
Total	--	--	--	--	--	17,246,666.66	--	17,246,666.66

Explanation on long-term loans: explain the condition of extension, principal, interest and arrangement for payment for those long-term loans merge from overdue loans which were extended.

## 25. Other non-current liability

In RMB

Item	Closing book balance	Opening book balance
Construction special funds	12,382,410.48	12,382,410.48

Fiscal ship-building discount	789,800.57	789,800.57
Total	13,172,211.05	13,172,211.05

## Explanation on other non-current liability

Note 1. In accordance with the notice of construction special funds plans as 2nd RMB 800 million “Two districts” of 2011 and 2nd of 2011 Shandong peninsula blue economic development districts and Yellow River Delta Efficient Ecological Economic Districts, that is Yan Fa Gai Tou Zi [2011] No. 464 issued from Yantai Development and Reform Commission and Yantai Municipal Finance Bureau, the Company obtained construction special funds with assets concerned RMB 6,800,000.00 in reporting period in 2012 and in 2013 respectively.

Note2. In accordance with the notice of 2013 budget index of fiscal discount fund for provincial deep-sea fishing enterprises Lu Cai Nong Zhi [2013] No.32 printed and issued by Office of Shandong Financial Department dated 25 June 2013, the Company received a financial discount RMB 830,000.00 for year of 2013

## Item of liability with government subsidy concerned

In RMB

Item	Opening balance	Subsidy increase during this period	Amount reckoned into non-operation revenue in the Period	Other changes	Closing balance	Assets-related/ Income-related

**26. Share capital**

In RMB

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

Explanation on changes of share capital. Name of CPA, who has verified the capital, and verification report serial shall be disclosed while the capital was increased or decreased in the reporting period; as for the incorporated company operated within three years, net assets of the year before establishment should be explained; if the limited liability company change to incorporated company totally, the verification while establishment shall be explained

**27. Capital surplus**

In RMB

Item	Opening amount	Increase in Period	Decrease in Period	Closing amount
Capital premium (equity premium)	186,283,711.00			186,283,711.00
Other Capital surplus	94,961,504.96			94,961,504.96
Total	281,245,215.96			281,245,215.96

Explanation on capital surplus

## 28. Surplus reserve

In RMB

Item	Opening amount	Increase in Period	Decrease in Period	Closing amount
Statutory Surplus reserve	21,908,064.19			21,908,064.19
Total	21,908,064.19			21,908,064.19

Explanation on surplus reserve: explain relevant reference while there have equity increased from surplus reserves, make-up losses and dividend distribution

## 29. Retained profit

In RMB

Item	Amount	Proportion of withdrawal or distribution
Retained profit of year-begin after adjustment	-28,432,075.99	--
Add: Net profit attribute to owners of parent company	1,306,809.14	--
Retained profit at period-end	-27,125,266.85	--

Adjustment of retained profit at year-begin:

- 1) Retained profit RMB 0.00 at beginning of the year was affected by the retroactive adjustment regulated in rules and Accounting Standards for Business Enterprise;
- 2) Retained profit RMB 0.00 at beginning of the year was affected by the changes of accounting policy;
- 3) Retained profit RMB 0.00 at beginning of the year was affected by the major correction on accounting errors;
- 4) Retained profit RMB 0.00 at beginning of the year was affected by the consolidation scope changed under the same control;
- 5) Retained profit RMB 0.00 at beginning of the year was affected by the total other adjustment

Explanation on retained profit: As for the enterprises initial public offering the securities, if the accumulated profits before offering are been approved to be share by new and old shareholders in the shareholders' general meeting, the explanation shall be state; if the accumulated profit before offering are been approved to be share by old shareholders only before offering in the shareholders' general meeting, the audit profit in dividend payables that should be share by the old shareholders shall be disclosed.

## 30. Operating revenue, operating cost

### (1) Operating revenue, operating cost

In RMB

Item	Current amount	Amount of the period before
Main operating revenue	255,542,481.66	260,988,876.37
Other revenue	4,474,102.95	3,739,483.85

Operating cost	Operating cost	239,126,034.18	219,741,407.76
----------------	----------------	----------------	----------------

**(2) Main business (by industries)**

In RMB

Industries	Current amount		Amount of the period before	
	Operating revenue	Operating cost	Operating revenue	Operating cost
Oceanic fishing and re-processing	122,918,154.00	127,290,438.93	74,020,865.36	51,153,852.24
Management and rental of refrigerated transport vessels	39,292,689.17	29,690,426.42	39,743,558.52	30,632,659.79
Seafood processing, cold storage and other	93,331,638.49	81,231,958.09	147,224,452.49	137,175,578.42
Total	255,542,481.66	238,212,823.44	260,988,876.37	218,962,090.45

**(3) Main business (by products)**

In RMB

Products	Current amount		Amount of the period before	
	Operating revenue	Operating cost	Operating revenue	Operating cost
Tuna	122,918,154.00	127,290,438.93	74,020,865.36	51,153,852.24
Leasing and management of refrigerated transport ship	39,292,689.17	29,690,426.42	39,743,558.52	30,632,659.79
Seafood processing, cold storage charge	93,331,638.49	81,231,958.09	147,224,452.49	137,175,578.42
Total	255,542,481.66	238,212,823.44	260,988,876.37	218,962,090.45

**(4) Main business (regions)**

In RMB

Regions	Current amount		Amount of the period before	
	Operating revenue	Operating cost	Operating revenue	Operating cost
Mainland China	50,764,857.38	51,956,256.59	70,125,569.27	61,224,936.88
Taiwan China	63,946,569.19	52,764,811.56	73,341,550.52	48,151,686.19
Japan	73,068,011.07	69,203,366.99	75,549,131.86	70,464,321.21
Singapore	14,845,442.29	14,171,390.55	7,679,886.56	7,162,994.20
Ghana	6,698,425.81	6,560,238.17	5,922,454.23	5,497,321.11
South Korea	31,322,760.73	29,666,066.92	16,789,253.61	15,659,258.16
Other	14,896,415.19	13,890,692.66	11,581,030.32	10,801,572.70



Total	255,542,481.66	238,212,823.44	260,988,876.37	218,962,090.45
-------	----------------	----------------	----------------	----------------

**(5) Top five clients in operating revenue**

In RMB

Clients	Revenue from main business	Proportion in total operating revenue of the Company
No.1 Taiwan Fengqun Company	63,946,569.19	49.00%
No.2 Japan Beishui	22,619,759.03	17.00%
No.3 South Korea Haitian	22,370,381.69	17.00%
No.4 Japan Weike	13,469,741.61	11.00%
No.5 Singapore Chuncheng	7,643,749.19	6.00%
Total	130,050,200.71	100.00%

Explanation on operating revenue

**31. Business tax and surcharge**

In RMB

Item	Current amount	Amount of the period before	Taxation basis
Business tax	65,412.51	360,209.02	3% or 5% of the rental income
Urban maintenance and construction tax	85,573.82	24,918.01	7% of amount of turnover tax paid
Educational surtax	61,112.52	17,798.59	4% or 5% of amount of turnover tax paid
House property tax	154,500.00	132,465.47	House area
Other	25,432.11	17,798.21	
Total	392,030.96	553,189.30	--

Explanation on business tax and surcharge

**32. Sales expenses**

In RMB

Item	Current amount	Amount of the period before
Payroll payable	489,983.40	430,724.97
Depreciation cost	18,786.08	16,777.50
Travelling charge	165,979.96	140,057.56
Freight and miscellaneous charges	381,004.75	456,934.13
Port surcharge	983,277.01	915,375.64

Post and communication charge	25,033.27	12,447.43
Agency fee	8,997.50	55,585.71
Business publicity expenses	25,055.00	18,800.00
Customs censoring charges	21,041.94	104,201.39
Other	19,455.57	11,400.00
<b>Total</b>	<b>2,138,614.48</b>	<b>2,162,304.33</b>

### 33. Administrative expenses

In RMB

Item	Current amount	Amount of the period before
Payroll payable	11,285,018.16	8,108,131.68
Travelling charge	435,241.76	402,232.49
Entertainment expenses	435,390.78	787,815.99
Office allowance	145,930.58	215,231.09
Depreciation cost	680,995.85	762,431.65
Repair charge	59,974.36	86,168.10
Conference expenses	41,463.00	39,284.50
Amortization of low-value consumption	6,758.50	12,638.00
Personnel education fund	165,683.04	127,930.88
Expenses-type taxes	513,233.53	420,288.64
Agency fee(auditing, attorney, assessment and consult fees)	742,962.80	625,473.70
Vehicles charge (operating expenses)	321,127.20	286,423.18
Disclosure expenses	194,763.34	190,000.00
Utilities	222,890.80	94,442.82
Amortization of intangible assets	122,008.50	134,855.22
Post and communication charge	154,444.13	177,610.57
Expenses of labor protection appliance	5,829.00	151,758.30
Abroad charges	259,802.86	138,547.40
Publicity expenses	28,945.00	99,900.00
Leasing expenses	433,664.33	485,387.17
Premium	91,959.95	119,286.95
Other	229,290.66	255,852.92
<b>Total</b>	<b>16,577,378.13</b>	<b>13,721,691.25</b>

**34. Financial expenses**

In RMB

Item	Current amount	Amount of the period before
Interest costs	1,529,736.37	2,122,987.11
Interest income	133,915.91	3,503,459.03
Exchange loss	519,064.60	1,856,838.69
Exchange gains	967,018.35	567,204.26
Other expense	143,843.83	335,232.11
Total	1,091,710.54	244,394.62

**35. Asset impairment losses**

In RMB

Item	Current amount	Amount of the period before
I. Bad debt losses		-4,266,486.00
II. Inventory falling price loss		32,367,450.35
Total		28,100,964.35

**36. Non-operating revenue****(1) Non-operating revenue**

In RMB

Item	Current amount	Amount of the period before	Amount reckoned in current non-recurring gains/losses
Total income from disposal of non-current assets	20,183.21	1,474,592.70	20,183.21
Including: income from disposal of fixed assets	20,183.21	1,474,592.70	20,183.21
Government subsidies	426,198.74		426,198.74
Other	32,200.00	46,408.22	32,200.00
Total	478,581.95	1,521,000.92	478,581.95

Statement of non-operating revenue

**(2) Government subsidy reckoned into current gains/losses**

In RMB

Item	Amount of this period	Amount of last period	Assets-related/income-rel	Non-recurring

			ated	gains/losses (Y/N)
Fuel subsidy			Income-related	N
Finance discount	7,094.00		Assets-related	Y
Construction subsidy of Blue Economic Zone	419,104.74		Assets-related	Y
Total	426,198.74		--	--

### 37. Non-operating expenditure

In RMB

Item	Current amount	Amount of the period before	Amount reckoned in current non-recurring gains/losses
Total income from disposal of non-current assets	291,933.45	383,366.53	291,933.45
Including: losses from disposal of fixed assets	291,933.45	383,366.53	291,933.45
Foreign donations	1,000.00		1,000.00
Other	6,624.00		6,624.00
Total	299,557.45	383,366.53	299,557.45

Explanation on non-operating expenditure

Losses from disposal of fixed assets mainly due to the expenditure RMB 291,933.45 used facilities sort out

### 38. Income tax expenses

In RMB

Item	Current amount	Amount of the period before
Current income taxes that calculated based on taxation laws and relevant regulations	144,258.54	28,100.00
Total	144,258.54	28,100.00

### 39. Calculation of basic Earnings per share (EPS) and diluted Earnings per share (EPS)

Item	Code	Current amount	Amount of the period before
Net profit attributable to common shareholders of the Company (I)	P0	1,306,809.14	1,331,772.94
Net profit attributable to common shareholders of the Company after deducting non-recurring gains and losses (II)	P0	1,127,784.64	194,138.55
Total shares at period-begin	S0	266,071,320.00	266,071,320.00
Amount of shares increase from public reserve capitalizing or share	S1		

Item	Code	Current amount	Amount of the period before
dividend distribution			
Amount of shares increase from newly issuing shares or shares transfer from debt	Si		
Amount of shares decrease from repurchased in report period	Sj		
Reducing shares in report period	Sk		
Amount of months in report period	M0	6	6
Accumulated months from next month of share increased to period-end	Mi		
Accumulated months from next month of share decreased to period-end	Mj		
Weighted average of common shares issuing outside	S	266,071,320.00	266,071,320.00
Basic earnings per share(EPS)(I)		0.005	0.005
Basic earnings per share(EPS)(II)		0.004	0.0007
Current net profit attributable to common shareholders after adjustment(I)	P1	1,306,809.14	1,331,772.94
Current net profit attributable to common shareholders after adjustment without non-recurring gains and losses (II)	P1	1,127,784.64	194,138.55
Weighted average of common shares increased by warrants, stock option and convertible bonds etc.			
Diluted weighted average of common shares issuing outside		266,071,320.00	266,071,320.00
Diluted earnings per share(EPS)(I)		0.005	0.005
Diluted earnings per share (EPS)(II)		0.004	0.0007

#### 40. Other consolidated income

In RMB

Item	Current amount	Amount of the period before
4. Translation differences of foreign financial sheet	-6,201.08	624,046.25
Subtotal	-6,201.08	624,046.25
Total	-6,201.08	624,046.25

Explanation on other consolidated income

**41. Notes of cash flow statement****(1) Other cash received related to operating activities**

In RMB

Item	Amount
Interest income	134,566.40
Current account	8,347,477.55
Other	345,023.02
Total	8,827,066.97

Explanation on other cash received related to operating activities

**(2) Other cash paid related to operating activities**

In RMB

Item	Amount
Current account paid	2,569,014.93
Sales expenses paid in cash	1,775,906.26
Administrative expenses paid in cash	12,193,990.72
Other paid in cash	3,007,105.50
Total	19,546,017.41

Explanation on other cash paid related to operating activities

**(3) Other cash received related to investment activities**

In RMB

Item	Amount
------	--------

Explanation on other cash received related to investment activities

**(4) Other cash paid related to investment activities**

In RMB

Item	Amount
------	--------

Explanation on other cash paid related to investment activities

**(5) Other cash received related to financing activities**

In RMB

Item	Amount
------	--------

Explanation on other cash received related to financing activities

#### (6) Other cash paid related to financing activities

In RMB

Item	Amount
------	--------

Explanation on other cash paid related to financing activities

## 42. Supplementary information of cash flow statement

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

In RMB

Supplementary information	Current Amount	Amount of the Previous Period
1. Reconciliation of net profit to cash flows from operating activities:	--	--
Net profit	725,582.28	1,313,943.00
Add: Provision for impairment of assets	-21,492,419.66	28,100,964.35
Depreciation of fixed assets, oil assets and productive biological assets	13,281,060.26	11,686,603.28
Amortization of intangible assets	122,008.50	134,855.22
Losses on disposal of fixed assets, intangible assets and other long-term assets (income is listed with "-")	272,933.45	383,366.53
Losses on scrapping of fixed assets(income is listed with "-")	-1,548.60	-1,474,592.70
Financial expenses(income is listed with "-")	1,235,657.97	2,122,987.11
Decrease in inventories(increase is listed with "-")	26,242,704.59	-76,106,350.93
Decrease in operating receivables(increase is listed with "-")	16,731,116.39	-15,494,978.46
Increase in operating payables(decrease is listed with "-")	-35,230,698.91	28,418,105.39
Other	-164,466.90	
Net cash flows arising from operating activities	1,721,929.37	-20,915,097.21
2. Significant investing and financing activities that do not involve cash receipts and payments	--	--
3. Net changes in cash and cash equivalents	--	--
Cash at the end of the year	42,334,283.42	49,253,990.22
Less: Cash at the beginning of the period	53,935,725.66	28,287,601.46
Net increase in cash and cash equivalents	-11,601,442.24	20,966,388.76

**(2) Relevant information about obtaining/disposal of subsidiary and other business unit in report period**

In RMB

Supplementary information	Amount of this period	Amount of last period
I. Relevant information about obtaining subsidiary and other business units:	--	--
II. Relevant information about disposal of subsidiary and other business units:	--	--

**(3) Composition of cash and cash equivalents**

In RMB

Item	Closing amount	Opening amount
I. Cash	42,334,283.42	53,935,725.66
Including: Cash on hand	576,588.70	605,694.05
Bank deposit paid at any time	40,790,572.52	51,793,889.06
Other monetary funds paid at any time	967,122.20	
III. Cash and cash equivalents a period-end	42,334,283.42	53,935,725.66

Explanation on supplementary information of cash flow statement

**VIII. Related parties and related transaction****1. Parent company of the enterprise**

Parent company	Related relationship	Type of enterprise	Register place	Legal representative	Business nature	Registered capital	Shareholding proportion of parent company in the Company	Voting right proportion of parent company in the Company	Ultimate controller of the Company	Code of organization institution
Shandong State-owned Assets Investment Holdings Co., Ltd.	Controlling shareholder	State-owned enterprise	Jinan Shandong	Li Guangqing	Investment and management, management and operation of assets, managed operations,	1600000000			Shandong State-owned Assets Investment Holdings Co., Ltd.	16307316-7



					investment advisory				
--	--	--	--	--	---------------------	--	--	--	--

Explanation on parent company of the enterprise

## 2. Subsidiary of the enterprise

Full name of subsidiary	Type of subsidiary	Type of enterprise	Register place	Legal representative	Business nature	Registered capital	Shareholding proportion	Voting proportion	Code of organization institution
Shandong Zhonglu Fishery Shipping Co., Ltd.	Controlling subsidiary	Limited company	Qingdao Shandong	Wang Huan	Refrigerated transport	22,5056,00.00	100.00%	100.00%	163071233
Habitat International Corporation	Controlling subsidiary	Limited company	Panama	Li Wenyi	Refrigerated transport	12476146.00	100.00%	100.00%	
Shandong Zhonglu Oceanic (Yantai) Foods Co., Ltd.	Controlling subsidiary	Limited company	Yantai Shandong	Li Ming	Food processing	75593300.00	100.00%	100.00%	729277389
Shandong Zhonglu Haiyan Oceanic Co., Ltd.	Controlling subsidiary	Limited company	Qingdao Shandong	Chi Weizhen	Ocean fishery	54000000.00	51.85%	51.85%	05341864-6

## 3. Other related party of the Company

Other related party	Relations with Company	Organization code
Luxin Investment Holding Company Limited	Shareholders with over 5% shares held	73577367-X

Explanation on other related party of the Company

## 4. Account receivable/payable of related parties

Account receivable from related party

In RMB

Item	Related party	Period-end	Period-begin
------	---------------	------------	--------------

		Book balance	Bad debt provision	Book balance	Bad debt provision
Account receivable	Shandong Zhonglu Oceanic (Yantai) Foods Co., Ltd.	9,429,585.00			
Other account receivable	YAW ADDO FISHERIES CO.,LTD	7,161,843.14		7,063,276.73	
Long-term receivables	YAW ADDO FISHERIES CO.,LTD	6,868,229.37		6,426,342.82	
Other account receivable	Shandong Zhonglu Fishery Shipping Co., Ltd.	24,714,718.67		24,714,718.67	

Account payable to related party

In RMB

Item	Related party	Closing amount	Opening amount
Other payables	Habitat International Corporation	15,332,054.79	
Other payables	Shandong Zhonglu Haiyan Oceanic Co., Ltd.	33,966,495.30	

## IX. Notes to main items in financial statement of parent company

### 1. Account receivable

#### (1) Account receivable

In RMB

Category	Closing amount				Opening amount			
	Book balance		Bad debt provision		Book balance		Bad debt provision	
	Amount	Proportion	Amount	Proportion	Amount	Proportion	Amount	Proportion
Account receivable with bad debt provision accrual by portfolio								
Age portfolio	15,119,769.58	100.00%	5,689,367.98	37.63%	5,690,184.58	100.00%	5,689,367.98	99.99%
Subtotal	15,119,769.58	100.00%	5,689,367.98	37.63%	5,690,184.58	100.00%	5,689,367.98	99.99%
Total	15,119,769.58	--	5,689,367.98	--	5,690,184.58	--	5,689,367.98	--

Explanation on category of account receivable

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

□Applicable    √Not applicable

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

√Applicable □Not applicable

In RMB

Account age	Closing amount			Opening amount		
	Book balance		Bad debt provision	Book balance		Bad debt provision
	Amount	Proportion		Amount	Proportion	
Within one year						
Including:	--	--	--	--	--	--
Within six months	9,429,585.00	62.37%				
Subtotal within one year	9,429,585.00	62.37%				
1-2 years	1,166.57		349.97	1,166.57	0.02%	349.97
Over 3 years	5,689,018.01	37.63%	5,689,018.01	5,689,018.01	99.98%	5,689,018.01
Total	15,119,769.58	--	5,689,367.98	5,690,184.58	--	5,689,367.98

Account receivable with bad debt provision withdrawal by method of percentage of balance in portfolio

□Applicable √Not applicable

Account receivable withdrawing bad bed provision by other methods in portfolio

□Applicable √Not applicable

Account receivable with minor single amount but has individual bad debt provision accrual at period-end

□Applicable √Not applicable

**(2) Reversal or recovery of account receivables during the reporting period**

In RMB

Contents of account receivables	Reason for reversal of recovery	Basis for determination of original bad debt reserve	Accumulated provision of bad debt reserve before reversal or recovery	Amounts reversed or recovered

Provision for bad debt reserve for account receivable with single significant or minor amount but tested for impairment separately as at period-end:

In RMB

Contents of account receivables	Book balance	Bad debt amount	Provision proportion	Reason

Explanation for account receivable with single minor amount while the risks of the group categorized with similar risk characteristics are relative significant:

**(3) Account receivables actually written-off during the reporting period**

In RMB

Name of the company	Nature of account receivables	Time of write-off	Amount written off	Reason for write-off	Arising from related transactions (Y/N)
---------------------	-------------------------------	-------------------	--------------------	----------------------	---

Explanation on write-off of account receivables:

**(4) Account receivables due from the shareholders holding 5% or above voting shares of the Company during the reporting period**

In RMB

Name of the company	Closing amount		Opening amount	
	Book balance	Bad debt provision accrual	Book balance	Bad debt provision accrual

**(5) Properties and contents of other accounts receivable with large amount****(6) Top five clients in account receivable**

In RMB

Name	Relations with Company	Amount	Aging	Proportion in total account receivable
Shandong Zhonglu Oceanic (Yantai) Foods Co., Ltd.	Subsidiary	9,429,585.00	Within 1 year	62.37%
PANDA	Non-related party	3,600,962.12	Over three years	23.82%
Haifeng Company	Non-related party	430,625.10	Over three years	2.85%
Han Xue	Non-related party	293,209.20	Over three years	1.94%
Wholesale dept.	Non-related party	158,154.98	Over three years	1.05%
Total	--	13,912,536.40	--	92.03%

**(7) Account receivables due from related parties**

In RMB

Name of the company	Relationship with the Company	Amount	Proportion in total account receivables (%)
---------------------	-------------------------------	--------	---

**(8)**

Transferring amount is 0 Yuan for accounts receivable not conforming to terminate the confirmation.

**(9) It is required to introduce the relevant transaction arrangement for asset securitization taking accounts receivables as the standard****2. Other account receivable****(1) Other account receivable**

In RMB

Category	Closing amount				Opening amount			
	Book balance		Bad debt provision		Book balance		Bad debt provision	
	Amount	Proportion	Amount	Proportion	Amount	Proportion	Amount	Proportion
Other account receivable with bad debt provision accrual by portfolio								
Age portfolio	36,059,039.37	100.00%	3,491,482.24	9.68%	4,500,203.66	12.40%	3,491,482.24	77.58%
Account receivable for subsidiaries included in combination					31,777,995.40	87.60%		
Subtotal	36,059,039.37	100.00%	3,491,482.24	9.68%	36,278,199.06	100.00%	3,491,482.24	77.58%
Total	36,059,039.37	--	3,491,482.24	--	36,278,199.06	--	3,491,482.24	--

Explanation on category of other account receivable

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

Applicable Not applicable

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

Applicable Not applicable

In RMB

Account age	Closing amount			Opening amount		
	Book balance		Bad debt provision	Book balance		Bad debt provision
	Amount	Proportion		Amount	Proportion	
Within one year						
Including:	--	--	--	--	--	--
Within six months	693,037.39	1.92%	50,940.16	876,400.69	2.42%	43,820.04
6 months to 1 year	31,942,709.49	88.58%	28,148.59	149,573.79	0.41%	14,957.38
Subtotal within one year	32,635,746.88	90.51%	79,088.75	1,025,974.48	22.80%	58,777.42

1-2 years	15,570.00	0.04%	4,671.00	40,730.12	0.11%	12,219.04
2-3 years				26,026.57	0.07%	13,013.29
Over 3 years	3,407,722.49	9.45%	3,407,722.49	3,407,472.49	9.39%	3,407,472.49
Total	36,059,039.37	--	3,491,482.24	4,500,203.66	--	3,491,482.24

Other account receivable with bad debt provision withdrawal by method of percentage of balance in portfolio

Applicable Not applicable

Withdrawing bad bed provision by other methods in portfolio

Applicable Not applicable

Other account receivable with minor single amount but has individual bad debt provision accrual at period-end

Applicable Not applicable

## (2) Other account receivable switch-back or taken back in reporting period

In RMB

Other account receivable	Reason of switch back or take back	Determination basis for original bad debt reserves	Amount of bad bed provision accrual accumulatively before switch-back or taken back	Amount switch back or taken back
--------------------------	------------------------------------	--	---	----------------------------------

Accrual of bad debt provision for other account receivable with major single amount or with minor amount but have impairment test independently at period

In RMB

Account receivable	Book balance	Bad debt	Accrual proportion	Reasons
--------------------	--------------	----------	--------------------	---------

Explanation on other account receivable with minor single amount but have major risks after combined with risk characteristic of the credit

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

In RMB

Name of the company	Nature of other receivables	Time of write-off	Amount written off	Reason for write-off	Arising from related transactions (Y/N)
---------------------	-----------------------------	-------------------	--------------------	----------------------	---

Explanation on write-off of other receivables:

## (4) Other receivables due from the shareholders holding 5% or above voting shares of the Company during the reporting period

In RMB

Name of the company	Closing amount		Opening amount	
	Book balance	Bad debt provision accrual	Book balance	Bad debt provision accrual

**(5) Nature or content of other receivables with significant amount****(6) Top five clients in other account receivable**

In RMB

Name	Relations with Company	Amount	Aging	Proportion in total other account receivable
Shandong Zhonglu Fishery Shipping Co., Ltd.	Subsidiary	24,714,718.67	Within 1 year	75.89%
YAW ADDO	Leasing management	7,161,843.14	2-3 years	21.99%
Japan Daihatsu	Non-related party	288,896.39	Over three years	0.89%
Wang Yanle from business dept.	Staff of the Company	200,865.64	Over three years	0.62%
Wende Ship Repair Company	Non-related party	200,000.00	Within 1 year	0.61%
Total	--	32,566,323.84	--	100.00%

**(7) Other receivables due from related parties**

In RMB

Name of the company	Relationship with the Company	Amount	Proportion in total other receivables

**(8)**

Transferring amount is 0 Yuan for other accounts receivable not conforming to terminate the confirmation.

**(9) It is required to introduce the relevant transaction arrangement for asset securitization taking other accounts receivables as the standard****3. Long term equity investment**

In RMB

Invested company	Calculation method	Investment cost	Opening balance	Increase/decrease change	Closing balance	Shareholding proportion in invested company	Voting proportion in invested company	Explanation on inconsistency in proportion between the shareholder	Provision for depreciation	Accrual of provision for impairment in Period	Cash dividend in Period

								ing and voting			
South Securities Co., Ltd.	Cost method	33,000,000.00	33,000,000.00		33,000,000.00	0.87%	0.87%		33,000,000.00		
HABITAT INTERNATIONAL CORP.	Cost method	12,476,145.60	12,476,145.60		12,476,145.60	100.00%	100.00%				
Shandong Zhonglu Fishery Shipping Co., Ltd.	Cost method	21,380,320.00	22,869,513.38		22,869,513.38	100.00%	100.00%				
Shandong Zhonglu Oceanic (Yantai) Foods Co., Ltd.	Cost method	32,280,000.00	55,448,185.24		55,448,185.24	74.23%	74.23%				
Shandong Zhonglu Haiyan Oceanic Co., Ltd.	Cost method	28,000,000.00	27,985,811.01		27,985,811.01	51.85%	51.85%				
Total	--	127,136,465.60	151,779,655.23		151,779,655.23	--	--	--	33,000,000.00		

Explanation on long term equity investment

#### 4. Operating revenue and Operating cost

##### (1) Operating revenue

In RMB

Item	Current amount	Amount of the period before
Main operating revenue	107,599,036.19	72,545,924.45
Other revenue	3,033,875.69	4,756,262.02
Total	110,632,911.88	77,302,186.47
Operating cost	112,102,413.16	52,558,645.91



**(2) Main business (by industries)**

In RMB

Industries	Current amount		Amount of the period before	
	Operating revenue	Operating cost	Operating revenue	Operating cost
Oceanic fishing	107,599,036.19	111,189,202.42	72,545,924.45	49,783,238.95
Total	107,599,036.19	111,189,202.42	72,545,924.45	49,783,238.95

**(3) Main business (by products)**

In RMB

Products	Current amount		Amount of the period before	
	Operating revenue	Operating cost	Operating revenue	Operating cost
Tuna	107,599,036.19	111,189,202.42	72,545,924.45	49,783,238.95
Total	107,599,036.19	111,189,202.42	72,545,924.45	49,783,238.95

**(4) Main business (regions)**

In RMB

Regions	Current amount		Amount of the period before	
	Operating revenue	Operating cost	Operating revenue	Operating cost
Mainland China	82,945,156.17	88,114,817.28	38,947,932.45	32,264,212.55
Taiwan China	24,653,880.02	23,074,385.14	33,597,992.00	17,519,026.40
Total	107,599,036.19	111,189,202.42	72,545,924.45	49,783,238.95

**(5) Top five clients in operating revenue**

In RMB

Clients	Total operating revenue	Proportion in total operating revenue of the Company
No.1 Yantai Food	69,495,933.00	62.82%
No.2 Taiwan Fengqun Company	24,653,880.02	22.28%
No.3 Ningbo Fengsheng	7,471,171.17	6.75%
No.4 Li Wengong	5,917,059.00	5.35%
No.5 Ningbo Tropical	60,993.00	0.06%
Total	107,599,036.19	97.26%

Explanation on operating revenue

## 5. Supplementary information of cash flow statement

In RMB

Item	Current Amount	Amount of the Previous Period
1. Reconciliation of net profit to cash flows from operating activities:	--	--
Net profit	-12,778,455.07	-4,648,657.12
Add: Provision for impairment of assets	-19,604,921.86	28,100,964.35
Depreciation of fixed assets, oil assets and productive biological assets	5,862,598.35	6,705,488.08
Amortization of intangible assets	3,799.98	16,646.70
Losses on disposal of fixed assets, intangible assets and other long-term assets (income is listed with "-")		-1,470,292.70
Loss on retirement of fixed assets (income is listed with "-")	-1,548.60	
Financial expenses(income is listed with "-")	970,801.67	1,730,237.32
Decrease in inventories(increase is listed with "-")	41,651,358.05	-64,412,798.17
Decrease in operating receivables(increase is listed with "-")	14,388,198.00	-5,290,079.93
Increase in operating payables(decrease is listed with "-")	-36,396,005.38	35,427,050.20
Other	7,158.75	
Net cash flows arising from operating activities	-5,897,016.11	-3,841,441.27
2. Significant investing and financing activities that do not involve cash receipts and payments	--	--
3. Net changes in cash and cash equivalents	--	--
Cash at the end of the year	9,080,954.88	26,592,324.84
Less: Cash at the beginning of the period	13,401,133.74	16,467,806.39
Net increase in cash and cash equivalents	-4,320,178.86	10,124,518.45

## X. Supplementary Information

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

In RMB

Item	Amount	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	-271,750.24	
Governmental subsidy reckoned into current gains/losses (not including the subsidy enjoyed in quota or ration according to national standards, which are closely relevant to enterprise's business)	426,198.74	

Other non-operating income and expenditure except for the aforementioned items	25,576.00	
Foreign donations	-1,000.00	
Total	179,024.50	--

Explain recognition reasons item-by-item if the government subsidy reckoned into current gains/losses was the recurring gains/losses

Applicable  Not applicable

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

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

In RMB

	Net profit attributable to shareholders of listed company		Net assets attributable to shareholders of listed company	
	Amount in this period	Amount in last period	Amount at period-end	Amount at period-begin
Chinese GAAP	1,306,809.14	1,331,772.94	542,151,346.04	540,850,737.98
Items and amount adjusted by IAS				

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

In RMB

	Net profit attributable to shareholders of listed company		Net assets attributable to shareholders of listed company	
	Amount in this period	Amount in last period	Amount at period-end	Amount at period-begin
Chinese GAAP	1,306,809.14	1,331,772.94	542,151,346.04	540,850,737.98
Items and amount adjusted by foreign accounting rules				

### (3) Reasons for the differences of accounting data under accounting rules in and out of China

## 3. ROE and Earnings per share (EPS)

In RMB

Net profit in Period	Weighted average rate of ROE	Earnings per share(EPS)	
		Basic earnings per share(EPS)	Diluted earnings per share(EPS)
Net profit attributable to common shareholders	0.24%	0.005	0.005

of Company			
Net profit attributable to common shareholders of Company after deducting non-recurring gains/losses	0.21%	0.004	0.004

#### 4. Abnormalities and reasons of the accounting statement items of the Company

##### 1. Balance sheet

Item	Closing balance	Opening balance	Amount changed	Range changed %	Note
Account receivable	1,755,790.58	12,826,646.26	-11,070,855.68	-86.31	Note 1
Account paid in advance	26,061,141.45	13,076,947.00	12,984,194.45	99.29	Note 2
Other current assets		7,000,000.00	-7,000,000.00	-100.00	Note 3
Construction in process	8,848,054.22	503,686.68	8,344,367.54	1,656.66	Note 4
Short-term loans	29,258,210.07	21,607,961.51	7,650,248.56	35.40	Note 5
Account received in advance	752,793.29	12,146,815.00	-11,394,021.71	-93.80	Note 6
Taxes payable	-6,609,031.09	-11,250,338.56	4,641,307.47	41.25	Note 7
Non-current liability due within one year	10,038,164.53	18,162,141.05	-8,123,976.52	-44.73	Note 8

Note1: Account receivable at period-end decrease over than that of period-begin mainly because the contact account receivable in export business from Yantai Subsidiary Company was collected

Note2: Account paid in advance at period-end increased mainly due to the amount paid for purchasing tuna material from Yantai Subsidiary Company and the access fishing fee paid in advance by Haiwei branch company

Note3: The preservation finance products of other current assets 7 million Yuan has redeemed on 15 January 2014, and no finance products in the Period

Note4: Construction in process at period-end increased mainly because the second-hand tuna long liner was purchased in the Period and the earnest money paid for purchasing the second-hand catch refrigerated carrier still not transform to assets

Note5: Short-term loans at period-end increased mainly because 6-month current capital loans 10.40 million Yuan increased by Zhonglu Haiyan Branch and the borrowings from Yantai subsidiary decreased

Note6: Account received in the advance at-period decreased mainly because no advance payment in the Period and the advance payment last period has been settled

Note7: Taxes payable at period-end increased mainly because the export rebates received in the Period

Note8: Non-current liability due within one year at period-end decreased mainly because the bank loans returned in the Period

## 2. Profit statement

Financial expenses	1,091,710.54	244,394.62	847,315.92	346.70	Note1
Loss from assets devaluation		28,100,964.35	-28,100,964.35	-100.00	Note2
Non-operation revenue	478,581.95	1,521,000.92	-1,042,418.97	-68.54	Note3
Income tax expenses	144,258.54	28,100.00	116,158.54	413.38	Note4
Minority interest income	-581,226.86	-17,829.94	-563,396.92	3,159.84	Note5
Other comprehensive income	-6,201.08	624,046.25	-630,247.33	-100.99	Note6

Note1: Financial expenses increased in the Period mainly because the interest paid for equity of Qingdao Double-Whale off-setting the financial expenses in last Period

Note2: There is no inventory falling price reserves in Period

Note3: Non-operation revenue decreased in the Period mainly because there has a 1.47 million Yuan revenue obtained from ships disposal from Haiwei branch in last Period's non-operation revenue

Note4: Income tax expenses increased in the Period mainly because the enterprise income tax for year of 2013 was paid by Haiyan subsidiary

Note5: Minority interest income decreased in the Period mainly because Haiyan subsidiary has a deficit in the Period

Note6: Other comprehensive income decreased in the Period mainly due to the minor changes in exchange rates in the Period

## **Section X. Documents available for reference**

- I. Accounting statement of the Company with signature and seal from the person in charge of the Company, person in charge of the accounting works and person in charge of accounting;
- II. Original text of all documents of the Company as well as manuscript of the announcement that disclosed on website appointed by CSRC;
- III. Text of 2014 semi-annual report with signature and seal of the legal representative.

Shandong Zhonglu Oceanic Fisheries Co., Ltd.

Chairman: Li Wenyi

21 August 2014