

Stock Code: 200992

Short Form of the Stock: Zhonglu B

Public Notice No: 2019-09

Shandong Zhonglu Oceanic Fisheries Company Limited

Summary of Annual Report 2018

I. Important Notice

The summary is abstract from full-text of annual report, for more details of operating results, financial condition and future development plan of the Company; investors should found in the full-text of annual report that published on media appointed by CSRC.

Objection statement of directors, supervisors and senior executives

Name	Position	Content and reason
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Statement

Other directors attending the Meeting for annual report deliberation except for the followed

Name of director absent	Title for absent director	Reasons for absent	Attorney
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Prompt of non-standard audit opinion

Applicable Not applicable

Profit distribution pre-plan of common stock or capitalizing of common reserves pre-plan deliberated by the Board in the reporting period

Applicable Not applicable

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

Profit distribution pre-plan of preferred stock deliberated and approved by the Board in the reporting period

Applicable Not applicable

II. Basic information of the company

1. Company profile

Short form of the stock	ZHONGLU B	Stock code	200992
Stock exchange for listing	Shenzhen Stock Exchange		
Person/Way to contact	Secretary of the Board	Rep. of security affairs	
Name	Li Ming	Li Ying	
Office add.	No. 65 Haier Rd., Laoshan District, Qingdao, Shandong	No. 65 Haier Rd., Laoshan District, Qingdao, Shandong	
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2. Main business or product introduction in the reporting period

The Company is a comprehensive fishery enterprise integrated with ocean-going fishing, ocean refrigerated transport, and refrigeration, processing and trading of aquatic products, its main businesses involve all major aspects of the industry chain.

(I) Business introduction

During the reporting period, the company's main business didn't make any change. Ocean fishing has still been the main line while refrigerated transport and refrigeration processing trade were the two wings, and they supported each other and promoted each other, the industrial chain was relatively complete.

1) Ocean fishing

During the reporting period, the company owned a total of 22 ocean-going fishing vessels, including 7 large-scale tuna seiners, 13 large-scale ultra-low temperature tuna long liners, and 2 medium-sized trawlers, which have been respectively working in the Indian Ocean and in the Atlantic Ocean. According to the industrial environment and development situation, in the past two years, the company successfully established a fleet of seven large-scale tuna seiners through the fishery adjustment and new equipment, which was put into operation in August 2018, and good economic and social benefits were achieved.

2) Refrigerated transport

During the reporting period, the company's seven international refrigerated transport vessels were engaged in operational services, and many measures were taken to complete the annual economic indicators: First, continuously improved the company's SMS system work and strengthened the standardized management of enterprises. Second, kept a foothold on the Asia-Pacific special refrigerated freight market, strived to increase the market share, strictly controlled the cost accounting, strengthened the ship equipment maintenance, ensured the sailing rate, and promoted the rental income maximization. Third, strengthened the risk management and control, and minimized the uncertain risk factors as far as possible.

3) Refrigeration processing trade

During the reporting period, in the face of many unfavorable factors, we seriously studied the situation, closely monitored the market changes, and innovated the business ideas and management methods. Gave full play to the distribution center of China's tuna trading center and the deep processing and cold chain logistics base of deep-sea fishing products in Shandong Province, increased the efforts of self-fishing backhaul purchase and deep processing, to improving the mechanization and automation level of processing, accelerated the conversion of new and old kinetic energy, promoted the research and development of the "Five Fast" project, Expanded the processing and sales operations, increased the market development efforts, focused on cultivating new models of separating warehouse for tuna, and actively expanded the international and domestic trade.

(II) The development stage and the cyclical characteristics of the industry and the company's position in industry

1) The development stage of the industry

China's offshore fishing industry has made great progress more than 30 years of development since 1985, and we have become a great power in aspect of pelagic fisheries. With the implementation of the national marine strategy, offshore fishing has become an important part of the ocean, The new and old kinetic energy conversion being implemented and the high-quality development requirements continuously optimized and upgraded the industrial structure, and the marketization and internationalization have been constantly improving. Generally speaking, the "Thirteenth Five-Year Plan" is a key transition period for the development of China's offshore fisheries, and it is also an important opportunity period for the development of a powerful country in fishing industry.

2) Industry characteristics and the industry position of the company

Recently, with the support from state on oceanic fishery, the deep-sea fishery industry in the country are growth rapidly; the level of equipment, production technology and employees' quality are greatly improved, we have narrow down the gap with developed countries. In order to protect resources, various fishery resource countries and fishery organizations have formulated strict protection measures and fishing-ban policies, industry standards have been gradually raised, and the requirements to management level, production technology, self-discipline and performance capacity of companies engaged in offshore fishing have become higher. In the long run, it is beneficial to the sustainable development of offshore fishing, but in the short term, it will increase the production costs. Our company develops offshore fisheries very early in China, and furthermore, in current business, the talent quality, technical strengthen, management ability and equipment level are ranks in front of the pelagic fishery enterprises in China.

3. Main accounting data and financial indexes

(1) Main accounting data and financial indexes for recently three years

Whether it has retroactive adjustment or re-statement on previous accounting data

Yes No

In RMB

	2018	2017	Changes over last year	2016
Operating income (RMB)	1,023,348,055.53	924,116,785.80	10.74%	845,877,519.52
Net profit attributable to shareholders of the listed company (RMB)	90,281,584.29	91,517,485.28	-1.35%	52,585,070.74
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	88,188,293.14	85,499,842.39	3.14%	47,095,370.03
Net cash flow arising from operating activities (RMB)	69,635,895.65	63,205,894.49	10.17%	87,435,723.19
Basic earnings per share (RMB/Share)	0.34	0.34		0.20
Diluted earnings per share (RMB/Share)	0.34	0.34		0.20
Weighted average ROE	12.06%	13.79%	-1.73%	8.88%
	End of 2018	End of 2017	Changes over end of last year	End of 2016
Total assets (RMB)	1,213,282,583.68	1,065,483,763.80	13.87%	835,239,699.07
Net assets attributable to shareholder of listed company (RMB)	803,507,440.24	703,769,793.95	14.17%	617,662,263.72

(2) Quarterly main financial index

In RMB

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating income	201,809,691.98	238,513,084.99	275,909,416.69	307,115,861.87
Net profit attributable to shareholders of the listed company	146,855.82	22,455,043.39	43,731,118.98	23,948,566.10
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	2,007.95	22,612,697.69	41,160,473.49	24,413,114.01
Net cash flow arising from operating activities	-6,302,386.74	28,116,999.05	33,528,917.05	14,292,366.29

Whether there are significant differences between the above-mentioned financial index or its total number and the relevant financial index disclosed in the company's quarterly report and semi-annual report

Yes No

4. Shares and shareholders

(1) Particulars about common stock shareholders, preference shareholders with voting rights recovered and top ten shareholders

In Share

Total	11,784	Total common stock	11,759	Total	0	Total preference	0
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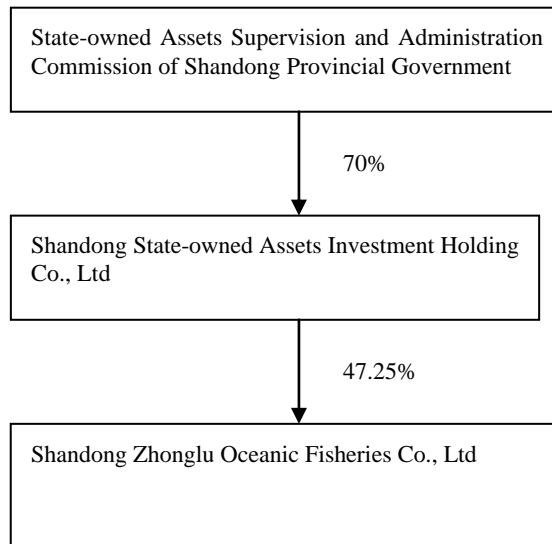
common stock shareholders in reporting period-end		shareholders at end of last month before annual report disclosed		preferenc e shareholders with voting rights recovered at end of reporting period		shareholders with voting rights recovered at end of last month before annual report disclosed	
Top ten shareholders							
Full name of Shareholders	Nature of shareholder	Proportion of shares held	Amount of shares held	Amount of restricted shares held	Number of shares pledged/frozen		
					State of share	Amount	
Shandong State-owned Assets Investment Holding Co., Ltd	State-owned legal person	47.25%	125,731,320	125,731,320			
Chen Tianming	Foreign nature person	2.16%	5,760,427	0			
Cai Yujiu	Domestic nature person	1.08%	2,881,900	0			
Haitong International Securities Company Limited-Account Client	Foreign legal person	0.77%	2,038,736	0			
China National Heavy Duty Truck Group Jinan Truck LLC	State-owned legal person	0.73%	1,950,000	1,950,000			
Shenwan HongYuan (H.K.) Limited	Foreign legal person	0.73%	1,939,154	0			
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign legal person	0.72%	1,907,224	0			
Qu Yanping	Domestic nature person	0.63%	1,679,383	0			
Wang Dongsheng	Foreign nature person	0.46%	1,215,203	0			
Qin Jun	Domestic nature person	0.41%	1,083,820	0			
Explanation on associated relationship among the aforesaid shareholders	Shandong State-owned Assets Investment Holding Co., Ltd has 20% shares of China National Heavy Duty Truck Group Jinan Truck LLC. 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 “management method for acquisition of listed company” among the above said shareholders						
Explanation on shareholders involving margin business (if applicable)	Not applicable						

(2) Total preferred stock shareholders of the Company and shares held by top ten shareholders with preferred stock held

Applicable Not applicable

The Company had no shareholders with preferred stock held in the reporting.

(3) Property right and controlling relationships between the actual controllers of the Company and the Company is as follows:



5. Corporate bonds

Whether or not the Company public offering corporation bonds in stock exchange, which undue or without payment in full at maturity on the approval date for annual report disclosed

No

III. Discussion and analysis of business

1. Introduction of operation in the reporting period

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

No

In reporting period, the Company achieved business revenue of 1,023,348,100 Yuan, increased 10.74% compared last year's 924,116,800 Yuan; total profit achieved 101,512,800 Yuan, increased 3.69% compared last year's 97,899,800 Yuan; net profit attributable to parent company amounted as 90,281,600 Yuan, decreased 1,235,900 Yuan with 1.35% decrease over that of last year. Total assets amounted as 1,213,282,600 Yuan with 13.87% growth compared balance at period-begin.

(1) Ocean fishing: The Company established 5 groups of purse seine fishing vessels last year, two of them were put into operation last year, the other three groups have been put into operation smoothly during the year, the fishing operations were in good condition and the fishing output has reached the expected target. The company made scientific decision-making, rational dispatch of fishery, reasonable arrangement of operation time and ship

docking time for tuna long-lining fishing business, and overcame the unfavorable factors of fishery resources decline and fish price decline, found ways to increase production, increased cost management, saved costs and improved economic efficiency. During the reporting period, the fishing sector achieved an operating income of RMB 388,368,700 and a total profit of RMB 57,498,400.

(2) Refrigerated transport: The company paid close attention to safe production and operation, strengthened ship management, improved ship sailing rate, and ensured ship operating rate; carefully organized and implemented responsibilities, supervised comprehensively and strongly, made self-examination and self-correction, and self-review and self-reform, refined the safety inspection and operation guidance of ships, and ensured the safe sailing days of ships; paid attention to the training and training of ship-shore personnel and improve management level; Maintain customer resources and maintain stable development; laid emphasis on enterprise management and required benefit from management. During the reporting period, the company realized an operating income of RMB 93,665,400 and realized a total profit of RMB 31,084,900, a year-on-year increase of 28.25%.

(3) Refrigeration processing trade: The enterprise management innovation adopted the fine management thought of “doing the addition and subtraction method and taking the initiative to do subtraction”, actively promoted the “Five Fast” project, innovated the production process, greatly improved the production and processing efficiency, adjusted the product structure, expanded new markets, developed new products, and broadened publicity channels and sales channels. During the reporting period, the company realized an operating income of RMB 632,599,900 and a total profit of RMB 28,548,400, an increase of 12.23% on a year-on-year basis.

2. Whether the main business had major change in the reporting period

Yes No

3. About the industries, products, or regions accounting for over 10% of the company’s operating income or operating profit

Applicable Not applicable

In RMB

Name	Operating revenue	Operating cost	Gross profit ratio	Increase/decrease of operating revenue y-o-y	Increase/decrease of operating cost y-o-y	Increase/decrease of gross profit ratio y-o-y
Deep-sea fishing	388,368,733.12	57,302,514.49	22.17%	47.36%	-0.44%	-8.65%
Boat rental	93,665,444.15	31,091,937.50	36.11%	-3.28%	28.07%	-3.68%
Aquatic products refrigerated processing trade	632,599,907.70	28,901,692.71	7.55%	-6.79%	13.62%	-2.10%

4. Whether the characteristics of management seasonal or cyclical need special attention

Yes No

5. In the reporting period, note of major changes in operating income, operating cost, total net profit attributable to common stock shareholders of listed company or composing the previous reporting period

Applicable Not applicable

6. Particular about suspended and delisting

Applicable Not applicable

7. Relevant items involving financial report

(1) Particulars about the changes in aspect of accounting policy, estimates and calculation method compared with the financial report of last year

Applicable Not applicable

The Ministry of Finance released on 15 June 2018 the Notice relating to Amending and Printing of Financial Statement Forms of General Enterprises in 2018(CK[2018]No.30).enterprises adopting Enterprise Accounting Standards shall prepare their financial statements for 2018 and other accounting periods according to the Enterprise Accounting Standards and the Notice.

Main influence for CK [2018] No.15 Revised of the Company are:

Changes of contents and reasons	Items changed	Amount changed	Re-stated amount last period	Items and amounts reported in the previous period
1. Together listed as Note receivable & Account receivable	Note receivable & Account receivable	63,961,900.00	38,792,912.89	Note receivable: 0 Yuan Account receivable: 38,792,912.89 Yuan
2. Interest receivable and Dividend receivable are included under the Other receivables	Other receivables	5,529,723.80	11,305,713.11	Interest receivable: 0 Yuan Dividend receivable: 0 Yuan Other receivables: 11,305,713.11 Yuan
3. Fixed assets disposal is included under the Fixed assets	Fixed assets	514,332,752.28	525,975,263.88	Fixed assets: 525,975,263.88 Yuan Fixed assets disposal: 0 Yuan
4. Engineering materials is included under the Construction in progress	Construction in progress	11,073,476.37	-	Construction in progress: 0 Yuan Engineering materials: 0 Yuan
5. Together listed as Note payable & Account payable	Note payable & Account payable	108,371,599.66	65,204,257.98	Note payable: 0 Yuan Account payable: 65,204,257.98 Yuan
6. Interest payable and Dividend payable are included under the Other payable	Other payable	7,043,693.95	6,535,561.08	Interest payable: 360,208.32 Yuan Dividend payable: 0 Yuan Other payable: 6,175,352.76 Yuan

(2) Major accounting errors within reporting period that needs retrospective restatement

Applicable Not applicable

No major accounting errors within reporting period that needs retrospective restatement for the Company in the period.

(3) Compare with last year's financial report; explain changes in consolidation statement's scope

Applicable Not applicable

No changes in consolidation statement's scope for the Company in the period.