



**HUBEI SANONDA CO., LTD.**

**THE REPORT FOR THE FIRST QUARTER OF 2016**

**April 2016**

## **Section I Important Statements**

**The Board of Directors, the Supervisory Committee, directors, supervisors and senior management of Hubei Sanonda Co., Ltd. (hereinafter referred to as “the Company”) warrant that the information carried in this report is factual, accurate and complete, without any false record, misleading statement or material omission. And they shall be jointly and severally liable for that.**

**All directors have attended the board session for reviewing this report.**

**An Liru, company principal, Liu Anping, chief of the accounting work and Tu Zhiwen, concurrently chief of the accounting organ (chief of accounting), hereby confirm that the financial statements enclosed in this report are factual, accurate and complete.**

**This Report is prepared in both Chinese and English. Should there be any discrepancy between the two versions, the Chinese version shall prevail.**

## Section II Financial Results and Changes in Shareholders

### I Financial results

Whether the Company performed any retroactive adjustments to or restatement of its accounting data due to changes of accounting policies or correction of accounting errors

Yes  No

	January-March 2016	January-March 2015	+/-%
Operating revenues (RMB)	478,019,086.56	554,976,943.28	-13.87%
Net profit attributable to shareholders of the Company (RMB)	8,016,805.81	77,028,787.65	-89.59%
Net profit attributable to shareholders of the Company after exceptional profit and loss (RMB)	-1,097,269.16	76,147,879.11	-101.44%
Net operating cash flow (RMB)	-14,737,785.00	-23,477,753.42	37.23%
Basic earnings per share (RMB/share)	0.0135	0.1297	-89.59%
Diluted earnings per share (RMB/share)	0.0135	0.1297	-89.59%
Weighted average return on equity (%)	0.38%	3.76%	-3.38%
	31 March 2016	31 December 2015	+/-%
Total assets (RMB)	3,053,685,989.26	2,977,268,169.32	2.57%
Net assets attributable to shareholders of the Company (RMB)	2,107,021,267.07	2,097,382,469.60	0.46%

Exceptional profit and loss

Applicable  Not applicable

Unit: RMB

Item	January-March 2016	Note
Gains/losses on the disposal of non-current assets (including the offset part of asset impairment provisions)	10,198,549.74	
Government grants recognized in the current period, except for those acquired in the ordinary course of business or granted at certain quotas or amounts according to the country's unified standards	1,105,800.22	
Other non-operating income and expenses than the above	847,750.00	
Less: Income tax effects	3,038,024.99	
Total	9,114,074.97	--

Explanation of why the Company classified an item as exceptional profit/loss according to the definition in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Exceptional Profit and Loss,

or reclassified any exceptional profit/loss item given as an example in the said explanatory announcement to recurrent profit/loss

Applicable  Not applicable

No such cases in the Reporting Period.

## II Total number of shareholders at the period-end and shareholdings of top ten shareholders

### 1. Numbers of common shareholders and preference shareholders with resumed voting rights as well as shareholdings of top ten shareholders

Unit: share

Total number of common shareholders at the period-end		63,184		Total number of preference shareholders with resumed voting rights at the period-end (if any)		0	
Shareholdings of top ten shareholders							
Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Number of shares held	Number of restricted shares held	Pledged or frozen shares		
					Status of shares	Number of shares	
Jingzhou Sanonda Group Co., Ltd.	State-owned corporation	20.15%	119,687,202	0			
ADAMA Celsius B.V.	Foreign legal person	10.60%	62,950,659	0			
Chen Lichun	Domestic natural person	1.14%	6,790,954	0			
State-Owned Assets Administration Bureau of Qichun County	Nation	0.70%	4,169,266	0			
Jiang Jian	Domestic natural person	0.61%	3,595,123	0			
China Securities Finance Corporation Limited	Other	0.47%	2,817,300	0			
Norges Bank	Foreign corporation	0.44%	2,634,504	0			
ICBC - Lion Small-and-medium Sized	Other	0.42%	2,480,384	0			

Enterprises Listed Companies Value Selection Stock Fund						
Bank of China Limited - Teda Manulife Jili Bond-type Securities Investment Fund	Other	0.38%	2,252,947	0		
ICBC - JT Tianfu Reform New-power Flexible Configuration Hybrid Securities Investment Fund	Other	0.36%	2,160,078	0		
Shareholdings of top ten non-restricted shareholders						
Name of shareholder	Number of non-restricted shares held	Variety of shares				
		Variety	Number			
Jingzhou Sanonda Group Co., Ltd.	119,687,202	RMB shares	common	119,687,202		
ADAMA Celsius B.V.	62,950,659	Domestically listed shares	foreign	62,950,659		
Chen Lichun	6,790,954	RMB shares	common	6,790,954		
State-Owned Assets Administration Bureau of Qichun County	4,169,266	RMB shares	common	4,169,266		
Jiang Jian	3,595,123	RMB shares	common	3,595,123		
China Securities Finance Corporation Limited	2,817,300	RMB shares	common	2,817,300		
Norges Bank	2,634,504	Domestically listed shares	foreign	2,634,504		
ICBC - Lion Small-and-medium Sized Enterprises Listed Companies Value Selection Stock Fund	2,480,384	RMB shares	common	2,480,384		
Bank of China Limited - Teda	2,252,947	RMB shares	common	2,252,947		

Manulife Jili Bond-type Securities Investment Fund		shares	
ICBC - JT Tianfu Reform New-power Flexible Configuration Hybrid Securities Investment Fund	2,160,078	RMB common shares	2,160,078
Related or acting-in-concert parties among the above shareholders	Sanonda Group Corporation and Celsius Property B.V. are related parties, and under the same control of China National Chemical Agrochemical Corporation, and are acting-in-concert parties as prescribed in the Administrative Methods for Acquisition of Listed Companies. It is unknown whether the other shareholders are related parties or acting-in-concert parties as prescribed in the Administrative Methods for Acquisition of Listed Companies.		
Top ten common shareholders conducting securities margin trading (if any)	1. The shareholder Chen Lichun held 6,309,732 shares of the Company through credit collateral securities trading account and held 481,222 shares of the Company through common stock account that held 6,790,954 shares of the Company in total. 2. The shareholder Jiang Jian held 3,415,123 shares of the Company through credit collateral securities trading account and held 180,000 shares of the Company through common stock account that held 3,595,123 shares of the Company in total.		

Did any of the top ten common shareholders or the top ten non-restricted common shareholders of the Company conduct any promissory repo during the Reporting Period?

Yea  No

No such cases in the Reporting Period.

## 2. Total number of preference shareholders and shareholdings of the top ten of them

Applicable  Not applicable

## Section III Significant Events

### I Changes in major accounting statement items and financial indicators for the Reporting Period, as well as reasons for such changes

√ Applicable □ Not applicable

Financial statement item	31 March 2016 (RMB'0,000)	31 December 2015 (RMB'0,000)	+/-%	Main reason for change
	(January-March 2016)	(January-March 2015)		
Accounts receivable	30,577	18,045	69.45%	Payments collected from customers decreased.
Accounts paid in advance	2,774	2,041	35.87%	Prepayments for materials increased.
Other accounts receivable	1,321	985	34.18%	The receivable for land increased.
Short-term borrowings	0	2,000	-100.00%	Borrowings were repaid to banks.
Accounts received in advance	1,301	2,667	-51.23%	Advances from customers decreased.
Notes payable	1,000	0		Banker's acceptance bills newly adopted
Payroll payable	1,336	3,031	-55.92%	Some remuneration for the prior period was paid in the current period.
Interest payable	37	112	-66.63%	Some of the interest on bank borrowings was paid.
Long-term account payable	0	65	-100.00%	Settled
Other non-current liabilities	12,000	0		A new amount from a fund of the Agricultural Development Bank of China
Selling expenses	1,890	1,111	70.06%	Freight charges increased.
Administrative expenses	3,261	2,507	30.08%	Production halt loss increased.
Financial costs	799	416	92.05%	The capitalized interest decreased while the interest expenditure increased.
Asset impairment loss	909	1,516	-40.01%	Falling price provisions decreased.
Non-operating income	1,215	118	931.38%	Earnings on disposal of intangible assets increased.
Corporate income	178	2,676	-93.36%	Total profit decreased.

tax				
Net profit attributable to owners of the Company	802	7,703	-89.59%	The sales revenue and the gross profit margin both decreased.

## II Progress of significant events and analysis & explanations on their influence and solutions

√ Applicable □ Not applicable

During the Reporting Period, owing to the Company was planning significant assets reorganization project, the Company's shares delisted since 5 August 2015 and as for the details of the progress of the reorganization project, please refer to the Announcement on the Progress of the Significant Assets Reorganization disclosed all previous.

Summary of the significant events	Disclosure date	Index of the interim report disclosure website
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## III Commitments of the Company, its shareholders, actual controller, acquirer, directors, supervisors, senior management or other related parties fulfilled in the Reporting Period or ongoing at the period-end

√ Applicable □ Not applicable

Commitment	Commitment maker	Type of commitment	Contents	Date of commitment making	Term of commitment	Fulfillment
Commitments made in share reform						
Commitments made in acquisition documents or shareholding alteration documents	ADAMA Celsius B.V.; ADAMA Agricultural Solutions Ltd.	Commitments on the horizontal competition, the related transaction and the capital occupation	I. Commitments on avoiding horizontal competition: 1. except for the Company proposed conducting transaction may lead to competition in domestic trade with Shenzhen NOPOSITION Agrochemical Co., Ltd. disclosed in	2013-09-07	2020-09-06	The commitments were being carried out and the commitment makers abided by the above commitments.



			<p>the B Shares Offer Acquisition Report of Hubei Sanonda CO., Ltd. The Company will take effective measures to avoid the Company and its controlling subsidiaries engaged in the same or similar business with Hubei Sanonda CO., Ltd. within the territory.<sup>2</sup> If the Company or its controlling subsidiaries domestically conduct related business which form horizontal competition with Hubei Sanonda CO., Ltd. in future (including related business of the Company proposed conducting transaction may lead to</p>			
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		<p>competition in domestic trade with Shenzhen NOPOSITION Agrochemical Co., Ltd. disclosed in the B Shares Offer Acquisition Report of Hubei Sanonda CO., Ltd.) The Company will according to the securities laws and regulations and industry policy within 7 years or when the management think the condition is ripe to actively take steps, gradually eliminate the competition, the concrete measures including but not limited to the following one or more: fight for internal assets reconstruction , (including putting the business into</p>			
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			Hubei Sanonda CO., Ltd. or operated through Hubei Sanonda CO., Ltd. ) to adjust the industrial plan and business structure, to transform technology and to upgrade products, to divide the market so as to make each corporation differ in the products and its ultimate users, thus to avoid and eliminate the current domestic horizontal competition between the Company's controlling subsidiaries and Sanonda.			
	ADAMA Celsius B.V.;ADAMA Agricultural Solutions Ltd.	Commitments on the horizontal competition, the related transaction and the capital occupation	II. Commitments on maintaining the Company's operation independence and specify the related	2013-09-07	9999-12-31	The commitments were being carried out and the commitment makers abided by the above commitments.

		<p>transaction: 1. After the complement of the tender offer, Sanonda will continue to maintain complete purchase, production and sales system, and to gain the independent intellectual property. The Company and its direct or indirect controlling shareholders and Sanonda of which the personnel, assets, finance, business and institutions will be completely separated, and at the same time maintain the operation ability of Sanonda that independently face to the China agrochemical industry market. 2. The Company will avoid and</p>			
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			<p>reduce the related transactions with Sanonda according to the requirements stipulated by the laws, regulations and other normative documents; but for those related transactions that are inevitable or occur with reasonable cause, will have to obey the just, fair and open market principles. And to sign the agreement according to the law and to carry out legal program, and to make sure not to harm the legal interest of Sanonda and other shareholders by related transaction according to the Articles of Association of</p>			
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			Sanonda, the relevant system about related transaction and to conduct the duty of information disclosure as well as the approval process which stipulated by the relevant regulations."			
	China National Chemical Corporation	Commitments on the horizontal competition, the related transaction and the capital occupation	I. Commitments on avoiding horizontal competition: 1. The business of the Company's subsidiaries-- Jiangsu Anpon Electrochemical Co., Ltd., Anhui Petroleum Chemical Group Co., Ltd., Shangdong Dacheng Agrochemical Co., Ltd. and Jiamusi Heilong Agrochemicals Co., Ltd., and Hunan Haohua Chemical Co., Ltd. and its	2013-09-07	2020-09-06	The commitments were being carried out and the commitment maker abided by the above commitments.

			<p>subsidiary had the same or similar situations with the main business of Sanonda, and aimed at the domestic horizontal competition, the Company committed to gradually eliminate such kind of horizontal competition in the future and to fight for the internal assets reconstruction , to adjust the industrial plan and business structure, to transform technology and to upgrade products, to divide the market so as to make each corporation differ in the products and its ultimate users according to the securities laws and regulations and industry policy within</p>			
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		<p>7 years, thus to eliminate the current domestic horizontal competition between the Company's controlling subsidiaries and Sanonda.</p> <p>2. Excepting the competition situation disclosed in the offer acquisition report, the Company take effective measures to avoid the Company and its controlling subsidiaries ( excepting Commitments respectively made in acquisition report by Celsius Property B.V. and MAI )' new increased business engaged in the same or similar business with Hubei Sanonda CO., Ltd. within the</p>			
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			<p>territory in future. 3. If the Company or its controlling subsidiaries (excepting Commitments respectively made in acquisition report by Celsius Property B.V. and MAI) domestically conduct related business which form horizontal competition with Hubei Sanonda CO., Ltd. in future, the Company will actively take steps, gradually eliminate the competition, the concrete measures including but not limited to fight for internal assets reconstruction, (including putting the business into Hubei Sanonda CO., Ltd. or</p>			
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			operated through Hubei Sanonda CO., Ltd.) to adjust the industrial plan and business structure, to transform technology and to upgrade products, to divide the market so as to make each corporation differ in the products and its ultimate users, thus to avoid and eliminate the current domestic horizontal competition between the Company's controlling subsidiaries and Sanonda.			
	China National Chemical Corporation	Commitments on the horizontal competition, the related transaction and the capital occupation	II. Commitments on maintaining the Company's operation independence and specify the related transaction: 1. After the complement	2013-09-07	9999-12-31	The commitments were being carried out and the commitment maker abided by the above commitments.

		<p>of the tender offer, Sanonda will continue to maintain complete purchase, production and sales system, and to gain the independent intellectual property. The Company and its direct or indirect controlling shareholders and Sanonda of which the personnel, assets, finance, business and institutions will be completely separated, and at the same time maintain the operation ability of Sanonda that independently face to the China agrochemical industry market. 2. The Company will avoid and reduce the related transactions</p>			
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			<p>with Sanonda according to the requirements stipulated by the laws, regulations and other normative documents; but for those related transactions that are inevitable or occur with reasonable cause, will have to obey the just, fair and open market principles.</p> <p>And to sign the agreement according to the law and to carry out legal program, and to make sure not to harm the legal interest of Sanonda and other shareholders by related transaction according to the Articles of Association of Sanonda, the relevant system about</p>			
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			related transaction and to conduct the duty of information disclosure as well as the approval process which stipulated by the relevant regulations.			
Commitments made in time of asset restructuring						
Commitments made in time of IPO or refinancing						
Commitments concerning stock ownership incentive						
Other commitments made to minority shareholders	Jiang Chenggang; Li Zhongxi	Commitments on the increase of the shareholding	“1. The Supervisory Board Chairman of the Company Mr. Jiang Chenggang planed to purchase the shares of the Company of over 5000 shares through the secondary market by the self-rising funds in the future 6 months (2015.7.13-2016.1.12); 2. The Board Secretary Mr. Li Zhongxi planed to	13 Jul. 2015	2016-01-12	Owning to the suspension of the Company’s shares from 5 Aug. 2015 to the disclosure date, Mr. Li Zhongxi could not execute the commitments on increasing the shareholding. While Mr. Jiang Chenggang had completed the execution of the commitments.

			purchase the shares of the Company of over 5000 shares through the secondary market by the self-rising funds in the future 6 months (2015.7.13-2016.1.12)".			
Executed on time	Yes					
Specific reasons for failing to fulfill commitments on time and plans for next step	N/A					

#### IV Operating result forecast for January-June 2016

Warning of possible loss or considerable YoY change of the accumulated net profit made during the period-beginning to the end of the next reporting period according to prediction, as well as explanations on the reasons:

Applicable  Not applicable

#### V Securities investments

Applicable  Not applicable

No such cases in the Reporting Period.

#### VI Investments in derivative financial instruments

Applicable  Not applicable

No such cases in the Reporting Period.

#### VII Visits paid to the Company in the Reporting Period for purposes of research, communication, interview, etc.

Applicable  Not applicable

Date of visit	Way of visit	Type of visitor	Index to main inquiry information
2016-03-25	Telephone communication	Individual	When is the Company stock resumption? Information provided: Progress Announcement of Significant Asset Restructuring

2016-03-28	Telephone communication	Individual	When is the Company stock resumption and what the progress is? Information provided: progress Announcement of Significant Asset Restructuring
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### **VIII Illegal provision of guarantees for external parties**

Applicable  Not applicable

No such cases in the Reporting Period.

### **IX Occupation of the Company's funds by the controlling shareholder or its related parties for non-operating purposes**

Applicable  Not applicable

No such cases in the Reporting Period.

## Section IV Financial Statements

### I Financial statements

#### 1. Consolidated balance sheet

Prepared by Hubei Sanonda Co., Ltd.

31 March 2016

Unit: RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	432,266,661.23	406,098,208.72
Settlement reserves		
Lendings to banks and other financial institutions		
Financial assets measured at fair value with fair value changes included in the profit and loss for the Reporting Period		
Derivative financial assets		
Notes receivable	41,636,187.93	34,433,010.97
Accounts receivable	305,772,768.14	180,450,531.93
Accounts paid in advance	27,736,530.05	20,413,365.68
Premiums receivable		
Reinsurance premiums receivable		
Receivable reinsurance contract reserves		
Interest receivable		
Dividends receivable		
Other accounts receivable	13,212,854.69	9,847,451.35
Financial assets purchased under agreement to resell		
Inventories	241,972,577.69	287,824,164.30
Assets held for sale		
Non-current assets due within one year		
Other current assets	13,569,615.59	14,685,220.14



Total current assets	1,076,167,195.32	953,751,953.09
Non-current assets:		
Loans and advances to customers		
Available-for-sale financial assets	9,153,782.63	9,153,782.63
Held-to-maturity investments		
Long-term accounts receivable		
Long-term equity investments		
Investment property	4,958,190.60	5,036,745.54
Fixed assets	1,628,215,205.60	1,684,051,200.09
Construction in progress	156,798,918.42	143,683,545.15
Engineering materials		
Disposal of fixed assets		
Productive living assets		
Oil-gas assets		
Intangible assets	161,659,658.59	165,569,924.44
R&D expense		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	11,733,038.10	11,021,018.38
Other non-current assets	5,000,000.00	5,000,000.00
Total non-current assets	1,977,518,793.94	2,023,516,216.23
Total assets	3,053,685,989.26	2,977,268,169.32
Current liabilities:		
Short-term borrowings	0.00	20,000,000.00
Borrowings from the Central Bank		
Money deposits accepted and inter-bank deposits		
Loans from banks and other financial institutions		
Financial liabilities measured at fair value with fair value changes included in the profit and loss for the Reporting Period		
Derivative financial liabilities		
Notes payable	10,000,000.00	0.00
Accounts payable	161,841,002.63	134,357,481.77

Accounts received in advance	13,005,672.98	26,666,138.22
Financial assets sold for repurchase		
Handling charges and commissions payable		
Payroll payable	13,360,572.64	30,308,341.73
Taxes and fares payable	21,881,158.28	26,858,466.27
Interest payable	374,976.67	1,123,849.31
Dividends payable	250,000.00	250,000.00
Other accounts payable	26,292,050.60	25,511,333.81
Reinsurance premiums payable		
Insurance contract reserves		
Payables for acting trading of securities		
Payables for acting underwriting of securities		
Liabilities held for sale		
Non-current liabilities due within one year	244,000,000.00	244,000,000.00
Other current liabilities		
Total current liabilities	491,005,433.80	509,075,611.11
Non-current liabilities:		
Long-term borrowings	310,090,000.00	343,590,000.00
Bonds payable		
Of which: Preference shares		
Perpetual bonds		
Long-term accounts payable	0.00	650,000.00
Long-term payroll payable		
Special payables		
Estimated liabilities		
Deferred income	25,569,288.39	26,570,088.61
Deferred income tax liabilities		
Other non-current liabilities	120,000,000.00	
Total non-current liabilities	455,659,288.39	370,810,088.61
Total liabilities	946,664,722.19	879,885,699.72
Owners' equity:		
Share capital	593,923,220.00	593,923,220.00

Other equity instruments		
Of which: Preference shares		
Perpetual bonds		
Capital reserves	263,063,461.97	263,063,461.97
Less: Treasury stock		
Other composite income		
Special reserves	24,470,850.81	22,848,859.15
Surplus reserves	190,699,248.11	190,699,248.11
Provisions for general risks		
Retained profit	1,034,864,486.18	1,026,847,680.37
Total equity attributable to owners of the Company	2,107,021,267.07	2,097,382,469.60
Minority interests		
Total owners' equity	2,107,021,267.07	2,097,382,469.60
Total liabilities and owners' equity	3,053,685,989.26	2,977,268,169.32

Legal representative: An Liru      Chief of the accounting work: Liu Anping      Chief of the accounting organ: Tu Zhiwen

## 2. Balance sheet of the Company

Unit: RMB

Item	Closing balance	Opening balance
Current Assets:		
Monetary funds	355,468,919.19	378,450,204.94
Financial assets measured at fair value with fair value changes included in the profit and loss for the Reporting Period		
Derivative financial assets		
Notes receivable	40,296,187.93	32,331,010.97
Accounts receivable	524,912,419.87	352,274,073.40
Accounts paid in advance	23,330,047.30	19,218,775.50
Interest receivable		
Dividends receivable		
Other accounts receivable	700,322.48	1,535,805.55
Inventories	227,372,954.34	275,057,647.64
Assets held for sale		

Non-current assets due within one year		
Other current assets		387,633.86
Total current assets	1,172,080,851.11	1,059,255,151.86
Non-current assets:		
Available-for-sale financial assets	9,153,782.63	9,153,782.63
Held-to-maturity investments		
Long-term accounts receivable		
Long-term equity investments	55,526,635.41	55,526,635.41
Investment property	4,958,190.60	5,036,745.54
Fixed assets	1,491,467,047.95	1,543,099,613.97
Construction in progress	151,723,082.07	139,297,997.97
Engineering materials		
Disposal of fixed assets		
Productive living assets		
Oil-gas assets		
Intangible assets	149,180,619.97	150,253,232.11
R&D expense		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	8,626,588.21	8,855,180.95
Other non-current assets	5,000,000.00	5,000,000.00
Total non-current assets	1,875,635,946.84	1,916,223,188.58
Total assets	3,047,716,797.95	2,975,478,340.44
Current liabilities:		
Short-term borrowings	0.00	20,000,000.00
Financial liabilities measured at fair value with fair value changes included in the profit and loss for the Reporting Period		
Derivative financial liabilities		
Notes payable	10,000,000.00	0.00
Accounts payable	154,698,998.37	129,017,385.70
Accounts received in advance	11,591,435.46	24,885,411.49
Payroll payable	11,370,572.64	28,311,263.93

Taxes and fares payable	17,892,711.87	21,773,193.24
Interest payable	374,976.67	1,123,849.31
Dividends payable	250,000.00	250,000.00
Other accounts payable	24,922,683.01	23,536,806.94
Liabilities held for sale		
Non-current liabilities due within one year	244,000,000.00	244,000,000.00
Other current liabilities		
Total current liabilities	475,101,378.02	492,897,910.61
Non-current liabilities:		
Long-term borrowings	310,090,000.00	343,590,000.00
Bonds payable		
Of which: Preference shares		
Perpetual bonds		
Long-term payables	0.00	650,000.00
Long-term payroll payables		
Special payables		
Estimated liabilities		
Deferred income	18,931,788.37	19,686,755.26
Deferred income tax liabilities		
Other non-current liabilities	120,000,000.00	
Total non-current liabilities	449,021,788.37	363,926,755.26
Total liabilities	924,123,166.39	856,824,665.87
Owners' equity:		
Share capital	593,923,220.00	593,923,220.00
Other equity instruments		
Of which: Preference shares		
Perpetual bonds		
Capital reserves	263,799,837.18	263,799,837.18
Less: Treasury stock		
Other composite income		
Special reserves	19,501,738.50	17,879,746.84
Surplus reserves	190,699,248.11	190,699,248.11
Retained profit	1,055,669,587.77	1,052,351,622.44
Total owners' equity	2,123,593,631.56	2,118,653,674.57

Total liabilities and owners' equity	3,047,716,797.95	2,975,478,340.44
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### 3. Consolidated income statement

Unit: RMB

Item	January-March 2016	January-March 2015
1. Operating revenues	478,019,086.56	554,976,943.28
Including: Sales income	478,019,086.56	554,976,943.28
Interest income		
Premium income		
Handling charge and commission income		
2. Total operating costs	480,377,985.57	452,366,030.87
Including: Cost of sales	407,955,838.07	391,635,889.19
Interest expenses		
Handling charge and commission expenses		
Surrenders		
Net claims paid		
Net amount provided as insurance contract reserves		
Expenditure on policy dividends		
Reinsurance premium		
Business tax and surtaxes	3,827,800.30	5,228,195.69
Selling expenses	18,898,154.60	11,112,517.44
Administrative expenses	32,610,160.74	25,068,621.87
Financial costs	7,992,233.70	4,161,492.69
Asset impairment loss	9,093,798.16	15,159,313.99
Add: Profit/loss on fair value changes ("-" means loss)		
Profit/loss on investment ("-" means loss)		
Including: Share of profit in associates and joint ventures		
Foreign exchange profit ("-" means loss)		
3. Operating profit ("-" means loss)	-2,358,899.01	102,610,912.41
Add: Non-operating income	12,152,099.96	1,178,232.22

Including: Profit on disposal of non-current assets		
Less: Non-operating expense		
Including: Loss on disposal of non-current assets		
4. Total profit (“-” means loss)	9,793,200.95	103,789,144.63
Less: Corporate income tax	1,776,395.14	26,761,690.14
5. Net profit (“-” means loss)	8,016,805.81	77,027,454.49
Net profit attributable to owners of the Company	8,016,805.81	77,028,787.65
Minority shareholders’ income		-1,333.16
6. After-tax net amount of other composite income		
After-tax net amount of other composite income attributable to owners of the Company		
6.1 Other composite income that will not be reclassified into profit and loss		
6.1.1 Changes in net liabilities or assets with a defined benefit plan upon re-measurement		
6.1.2 Enjoyable share in other comprehensive income in investees that cannot be reclassified into profit and loss under the equity method		
6.2 Other composite income that will be reclassified into profit and loss		
6.2.1 Enjoyable share in other composite income in investees that will be reclassified into profit and loss under the equity method		
6.2.2 Profit and loss on fair value changes of available-for-sale financial assets		
6.2.3 Profit and loss on reclassifying held-to-maturity investments into available-for-sale financial assets		
6.2.4 Effective hedging profit and loss on cash flow		
6.2.5 Foreign-currency		

financial statement translation difference		
6.2.6 Other		
After-tax net amount of other composite income attributable to minority shareholders		
7. Total composite income	8,016,805.81	77,027,454.49
Attributable to owners of the Company	8,016,805.81	77,028,787.65
Attributable to minority shareholders		-1,333.16
8. Earnings per share		
8.1 Basic earnings per share	0.0135	0.1297
8.2 Diluted earnings per share	0.0135	0.1297
8.2 Diluted earnings per share	0.50	0.38

Where business mergers under the same control occurred in the Reporting Period, net profit achieved by the merged parties before the business mergers was RMB0.00, with the corresponding amount for the same period of last year being RMB0.00.

Legal representative: An Liru      Chief of the accounting work: Liu Anping      Chief of the accounting organ: Tu Zhiwen

#### 4. Income statement of the Company

Unit: RMB

Item	January-March 2016	January-March 2015
1. Operating revenues	485,727,795.98	573,870,268.42
Less: Operating costs	418,136,181.91	415,508,320.16
Business tax and surtaxes	3,803,996.78	5,194,402.87
Selling expenses	16,872,467.34	10,915,714.58
Administrative expenses	31,004,921.58	23,147,903.38
Financial costs	7,625,098.99	4,533,279.01
Asset impairment loss	4,759,941.43	11,357,800.90
Add: profit/loss on fair value changes (“-” means loss)		
Profit/loss on investment (“-” means loss)		
Including: Income from investment on associates and joint ventures		
2. Operating profit (“-” means loss)	3,525,187.95	103,212,847.52
Add: Non-operating income	1,509,784.98	932,398.89



Including: Profit on disposal of non-current assets		
Less: Non-operating expense		
Including: Loss on disposal of non-current assets		
3. Total profit (“-” means loss)	5,034,972.93	104,145,246.41
Less: Corporate income tax	1,717,007.60	26,772,629.00
4. Net profit (“-” means loss)	3,317,965.33	77,372,617.41
5. After-tax net amount of other composite income		
5.1 Other composite income that will not be reclassified into profit and loss		
5.1.1 Changes in net liabilities or assets with a defined benefit plan upon re-measurement		
5.1.2 Enjoyable share in other composite income in investees that cannot be reclassified into profit and loss under the equity method		
5.2 Other composite income that will be reclassified into profit and loss		
5.2.1 Enjoyable share in other composite income in investees that will be reclassified into profit and loss under the equity method		
5.2.2 Profit and loss on fair value changes of available-for-sale financial assets		
5.2.3 Profit and loss on reclassifying held-to-maturity investments into available-for-sale financial assets		
5.2.4 Effective hedging profit and loss on cash flow		
5.2.5 Foreign-currency financial statement translation difference		
5.2.6 Other		
6. Total composite income	3,317,965.33	77,372,617.41
7. Earnings per share		
7.1 Basic earnings per share	0.0056	0.1303
7.2 Diluted earnings per share	0.0056	0.1303

**5. Consolidated cash flow statement**

Unit: RMB

Item	January-March 2016	January-March 2015
1. Operating cash flow:		
Cash received from sale of commodities and rendering of service	253,177,379.60	378,778,289.27
Net increase in money deposits from customers and inter-bank placements		
Net increase in loans from the Central Bank		
Net increase in funds borrowed from other financial institutions		
Cash received from premium of original insurance contracts		
Net cash received from reinsurance business		
Net increase in deposits of policy holders and investment fund		
Net increase in disposal of financial assets measured at fair value with fair value changes included in the profit and loss for the Reporting Period		
Cash received from interest, handling charges and commissions		
Net increase in loans from banks and other financial institutions		
Net increase in funds in repurchase business		
Tax refunds received	9,056,211.09	21,937,488.19
Other operating cash received	4,769,459.30	3,162,799.92
Subtotal of operating cash inflow	267,003,049.99	403,878,577.38
Cash paid for goods and services	177,887,983.97	330,326,017.92
Net increase in loans and advances to customers		
Net increase in funds deposited in the Central Bank and inter-bank placements		
Cash for paying claims of original insurance contracts		
Cash for paying interest, handling charges and commissions		

Cash for paying policy dividends		
Cash paid to and for employees	58,831,581.22	59,830,987.51
Taxes and fares paid	24,075,079.68	19,285,902.49
Other cash payment relating to operating activities	20,946,190.12	17,913,422.88
Subtotal of operating cash outflow	281,740,834.99	427,356,330.80
Net operating cash flow	-14,737,785.00	-23,477,753.42
2. Investment cash flow:		
Cash received from retraction of investments		
Cash received from return on investments		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	4,006,000.00	
Net cash received from disposal of subsidiaries or other business units		
Other cash received relating to investment activities		
Subtotal of investment cash inflow	4,006,000.00	
Cash paid to acquire fixed assets, intangible assets and other long-term assets	21,547,554.62	83,666,458.46
Cash paid for investment		
Net increase in pledged loans		
Net cash paid to acquire subsidiaries and other business units		
Other cash payments relating to investment activities		
Subtotal of investment cash outflow	21,547,554.62	83,666,458.46
Net investment cash flow	-17,541,554.62	-83,666,458.46
3. Financing cash flow:		
Cash received from capital contributions		
Including: Cash received from minority shareholder investments by subsidiaries		
Cash received as borrowings		123,000,000.00
Cash received from issuance of bonds		

Other financing cash received	120,000,000.00	
Subtotal of financing cash inflow	120,000,000.00	123,000,000.00
Repayment of borrowings	53,500,000.00	50,000,000.00
Cash paid for interest expenses and distribution of dividends or profit	7,785,627.02	7,609,574.40
Including: dividends or profit paid by subsidiaries to minority shareholders		
Other cash payments relating to financing activities	3,000,000.00	1,500,000.00
Sub-total of financing cash outflow	64,285,627.02	59,109,574.40
Net financing cash flow	55,714,372.98	63,890,425.60
4. Effect of foreign exchange rate changes on cash and cash equivalents	-266,580.85	137,278.60
5. Net increase in cash and cash equivalents	23,168,452.51	-43,116,507.68
Add: Opening balance of cash and cash equivalents	406,098,208.72	418,847,736.46
6. Closing balance of cash and cash equivalents	429,266,661.23	375,731,228.78

## 6. Cash flow statement of the Company

Unit: RMB

Item	January-March 2016	January-March 2015
1. Operating cash flow:		
Cash received from sale of commodities and rendering of service	203,352,397.42	382,470,171.90
Tax refunds received	168,260.60	16,386,842.52
Other operating cash received	5,958,928.42	3,074,184.00
Subtotal of operating cash inflow	209,479,586.44	401,931,198.42
Cash paid for goods and services	174,517,489.32	299,867,268.44
Cash paid to and for employees	57,326,632.82	53,880,451.96
Taxes and fares paid	20,658,112.94	16,020,611.96
Other operating cash payments	18,041,796.70	15,426,760.05
Subtotal of operating cash outflow	270,544,031.78	385,195,092.41
Net operating cash flow	-61,064,445.34	16,736,106.01
2. Investment cash flow:		
Cash received from retraction of investments		

Cash received from return on investments		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	206,000.00	
Net cash received from disposal of subsidiaries or other business units		
Other cash received relating to investment activities		
Subtotal of investment cash inflow	206,000.00	
Cash paid to acquire fixed assets, intangible assets and other long-term assets	20,834,931.62	83,666,458.46
Cash paid for investment		
Net cash paid to acquire subsidiaries and other business units		
Other investment cash payments		
Subtotal of investment cash outflow	20,834,931.62	83,666,458.46
Net investment cash flow	-20,628,931.62	-83,666,458.46
3. Financing cash flow:		
Cash received from capital contributions		
Cash received as borrowings		123,000,000.00
Cash received from issuance of bonds		
Other financing cash received	120,000,000.00	
Subtotal of financing cash inflow	120,000,000.00	123,000,000.00
Repayment of borrowings	53,500,000.00	50,000,000.00
Cash paid for interest expenses and distribution of dividends or profit	7,785,627.02	7,609,574.40
Other cash payments relating to financing activities	3,000,000.00	1,500,000.00
Sub-total of financing cash outflow	64,285,627.02	59,109,574.40
Net financing cash flow	55,714,372.98	63,890,425.60
4. Effect of foreign exchange rate changes on cash and cash equivalents	-2,281.77	12,352.98
5. Net increase in cash and cash equivalents	-25,981,285.75	-3,027,573.87
Add: Opening balance of cash and cash equivalents	378,450,204.94	344,750,284.42

6. Closing balance of cash and cash equivalents	352,468,919.19	341,722,710.55
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## II Auditor's report

Is this Report audited?

Yes  No

This Report is not audited.

Hubei Sanonda Co., Ltd.

25 April 2016