



HUBEI SANONDA CO., LTD.
THIRD QUARTER REPORT 2016

October 2016

Section I Important Statements

The Board of Directors, the Supervisory Committee as well as all directors, supervisors and senior management staff of Hubei Sanonda Co., Ltd. (hereinafter referred to as “the Company”) warrant that 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 attended the board session for reviewing this report.

An Liru, company principal, Liu Anping chief of the accounting work, and Tu Zhiwen, chief of the accounting organ (chief of accounting), hereby confirm that the Financial Report enclosed in this report is 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 Highlights & Shareholder Changes

I Highlights of accounting data and financial indicators

Whether the Company performs any retroactive adjustments to or restatements of its accounting data of last year due to change in accounting policies or correction of accounting errors

Yes No

	30 September 2016	31 December 2015	+/- (%)	
Total assets (RMB)	3,073,747,159.36	2,977,268,169.32	3.24%	
Net assets attributable to shareholders of the Company (RMB)	2,105,986,413.10	2,097,382,469.60	0.41%	
	July-September 2016	YoY +/- (%)	January-September 2016	YoY +/- (%)
Operating revenues (RMB)	431,962,833.14	-22.63%	1,437,659,990.64	-19.84%
Net profit attributable to shareholders of the Company (RMB)	3,692,704.99	-87.46%	20,500,260.49	-86.07%
Net profit attributable to shareholders of the Company excluding exceptional profit and loss (RMB)	2,871,974.22	-89.90%	9,269,929.22	-93.56%
Net cash flows from operating activities (RMB)	--	--	180,098,781.65	233.52%
Basic earnings per share (RMB/share)	0.0062	-87.50%	0.0345	-86.07%
Diluted earnings per share (RMB/share)	0.0062	-87.50%	0.0345	-86.07%
Weighted average return on equity	0.17%	-1.25%	0.97%	-6.19%

Unit: RMB

Item	January-September 2016	Note
Gains/losses on the disposal of non-current assets (including the offset part of asset impairment provisions)	10,208,945.53	
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	3,757,000.66	
Other non-operating income and expenses other than the above	1,007,828.84	

Less: Income tax effects	3,743,443.76	
Total	11,230,331.27	--

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 and shareholdings of top 10 shareholders at the period-end

1. Total number of ordinary shareholders and preference shareholders who had resumed their voting right & shareholdings of top 10 shareholders at the period-end

Unit: share

Total number of ordinary shareholders at the end of the Reporting Period	63,157 (Of which the total amount of the Share A shareholders: 44,461)	Total number of preference shareholders who had resumed their voting right at the end of the Reporting Period (if any)	0			
Shareholdings of top 10 shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage	Number of shares held	Number of restricted shares held	Pledged or frozen shares	
					Status	Number
Jingzhou Sanonda Shareholding Co., Ltd.	State-owned legal person	20.15%	119,687,202	-	-	-
ADAMA Celsius B.V.	Foreign legal person	10.60%	62,950,659	-	-	-
Chen Lichun	Domestic natural person	1.14%	6,790,954	-	-	-
State-owned Assets Administration Bureau of Qichun County	State	0.70%	4,169,266	-	-	-
Jiang Jian	Domestic natural person	0.61%	3,595,123	-	-	-
China Securities Finance Corporation	State	0.47%	2,817,300	-	-	-

Limited						
NORGES BANK	Foreign legal person	0.44%	2,634,504	-	-	-
ICBC - Lion Medium-and-small-cap Selected Stock Securities Investment Fund	Other	0.42%	2,480,384	-	-	-
Bank of China Limited - Manulife Teda Jili Debt Securities Investment Funds	Other	0.38%	2,252,947	-	-	-
ICBC - JT Tianfu Reform New Power Flexible Configuration of Hybrid Securities Investment Funds	Other	0.36%	2,160,078	-	-	-

Shareholdings of top 10 non-restricted shareholders

Name of shareholder	Number of non-restricted shares held at the period-end	Type of shares	
		Type	Number
Jingzhou Sanonda Shareholding Co., Ltd.	119,687,202	RMB ordinary share	119,687,202
ADAMA Celsius B.V.	62,950,659	Domestically listed foreign share	62,950,659
Chen Lichun	6,790,954	RMB ordinary share	6,790,954
State-owned Assets Administration Bureau of Qichun County	4,169,266	RMB ordinary share	4,169,266
Jiang Jian	3,595,123	RMB ordinary share	3,595,123
China Securities Finance Corporation Limited	2,817,300	RMB ordinary share	2,817,300
NORGES BANK	2,634,504	Domestically listed foreign share	2,634,504
ICBC - Lion Medium-and-small-cap	2,480,384	RMB ordinary share	2,480,384

Selected Stock Securities Investment Fund		share	
Bank of China Limited — Manulife Teda Jili Debt Securities Investment Funds	2,252,947	RMB ordinary share	2,252,947
ICBC - JT Tianfu Reform New Power Flexible Configuration of Hybrid Securities Investment Funds	2,160,078	RMB ordinary share	2,160,078
Related or act-in-concert parties among the shareholders above	STATE-OWNED ASSETS ADMINISTRATION BUREAU OF QICHUN COUNTY held the shares of the Company on behalf of the country. Jingzhou Sanonda Shareholding Co., Ltd. and ADAMA Celsius 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 10 ordinary shareholders conducting securities margin trading (if any)	1. Shareholder Chen Lichun held 6,309,732 shares of the Company through a credit collateral securities trading account and held shares of the Company through a common securities account, who thus held 6,790,954 shares of the Company in total. 2. Shareholder Jiang Jian held 3,415,123 shares of the Company through a credit collateral securities trading account and held 180,000 shares of the Company through a common securities account, who thus held 3,595,123 shares of the Company in total.		

Did any of the top 10 ordinary shareholders or the top 10 non-restricted ordinary 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 10 of them at the period-end

Applicable Not applicable

Section III Significant Events

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

√ Applicable □ Not applicable

	January-September 2016	January-September 2015	+/- (%)	Main reason for change
Administrative expenses	107,008,163.61	75,339,489.24	42.03%	Increase in loss on work stoppage
Finance costs	6,340,845.70	11,753,981.19	-46.05%	Increase in exchange gains
Corporate income tax	8,815,522.32	49,855,500.55	-82.32%	Decrease in total profit
Return on investment	75,504.00	1,667,155.76	-95.47%	Decrease in share of profit received
Net cash flows from operating activities	180,098,781.65	53,999,977.14	233.52%	Decrease in cash paid for taxes and fares and goods
Net cash flows from investing activities	-42,164,810.11	-221,092,283.33	80.93%	Decrease in project inputs
Net cash flows from financing activities	-33,133,172.89	260,485,353.02	-112.72%	Decrease in borrowings secured
Business tax and surtaxes	3,998,584.39	10,494,221.59	-61.90%	Decreased revenue led to decrease in city maintenance tax and surtaxes provided for
Asset impairment loss	12,911,505.76	35,258,955.17	-63.38%	Decrease in inventory falling price provision
Non-operating revenue	14,979,033.26	4,033,354.91	271.38%	Increase in gains on disposal of intangible assets
Net profit attributable to owners of the Company	20,500,260.49	147,125,818.69	-86.07%	Decrease in both sales revenue and gross profit margin
	30 September 2016	31 December 2015	+/- (%)	Main reason for change
Notes receivable	58,232,952.25	34,433,010.97	69.12%	Increase in note payments for goods
Accounts receivable	332,702,947.70	180,450,531.93	84.37%	Decrease in settled sales

				accounts
Accounts paid in advance	37,520,004.22	20,413,365.68	83.80%	Increase in prepayments for raw materials
Other accounts receivable	18,917,407.97	9,847,451.35	92.1%	Increase in land payments and export tax rebates receivable
Inventories	189,975,175.81	287,824,164.30	-34.00%	Decrease in products in stock
Short-term borrowings	0.00	20,000,000.00	-100.00%	Repayment of loans
Notes payable	46,000,000.00	0.00		New banker's acceptance notes
Payroll payable	15,017,194.04	30,308,341.73	-50.45%	Payment of salaries for last year
Other accounts payable	140,041,664.76	25,511,333.81	448.94%	Earnest money received
Long-term accounts payable	0.00	650,000.00	-100.00%	Paid off
Non-current liabilities due within one year	106,000,000.00	244,000,000.00	-56.56%	Repayment of borrowings due within one year
Other non-current liabilities	126,722,400.00	0.00		Newly-added agricultural development funds

II Progress on significant events, as well as the influence and solutions

Applicable Not applicable

The Company disclosed a preplan for significant asset reorganization on 14 September 2016 and the reply to an inquiry of the Shenzhen Stock Exchange about the preplan on 15 October 2016. Meanwhile, the stock of the Company has resumed trading since 17 October 2016.

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 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.2. 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 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 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.	2013-09-07	2020-09-06	The commitments were being carried out and the commitment makers abided by the above commitments.
	ADAMA Celsius B.V.;ADAMA Agricultural Solutions Ltd.	Commitments on the horizontal competition, the related transaction	II. Commitments on maintaining the Company’s operation independence and specify the related 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	2013-09-07	9999-12-31	The commitments were being carried out and the commitment makers abided by

		<p>on and the capital occupation</p>	<p>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 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 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."</p>			<p>the above commitments.</p>
	<p>China National Chemical Corporation</p>	<p>Commitments on the horizontal competition, the related transaction and the capital occupation</p>	<p>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 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 7 years, thus to eliminate the current domestic horizontal competition between the Company's controlling subsidiaries and Sanonda. 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</p>	<p>2013-09-07</p>	<p>2020-09-06</p>	<p>The commitments were being carried out and the commitment maker abided by the above commitments.</p>

			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 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 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 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 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	2013-09-07	9999-12-31	The commitments were being carried out and the commitment maker abided by the above commitments.

			shareholders by related transaction according to the Articles of Association of 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.			
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	-	-	-	-	-	-
Executed on time	Yes					

IV Performance forecast for Y2016

Warning of possible loss or considerable YoY change in the accumulative net profit made during the year-beginning to the end of the next reporting period, as well as the reasons

Applicable Not applicable

V Securities investment

Applicable Not applicable

No such cases in the Reporting Period.

VI Investment in derivative financial instruments

Applicable Not applicable

No such cases in the Reporting Period.

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

Applicable Not applicable

Date of visit	Way of visit	Type of visitor	About
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2016-08-23	By phone	Individual	Reason of suspension and time of resumption of the Company stock, not offer written reply
2016-09-14	By phone	Individual	When is the Company stock resumption? Not offer written reply

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.

30 September 2016

Unit: RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	527,299,409.96	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	58,232,952.25	34,433,010.97
Accounts receivable	332,702,947.70	180,450,531.93
Accounts paid in advance	37,520,004.22	20,413,365.68
Premiums receivable		
Reinsurance premiums receivable		
Receivable reinsurance contract reserves		
Interest receivable		
Dividends receivable		
Other accounts receivable	18,917,407.97	9,847,451.35
Financial assets purchased under agreement to resell		
Inventories	189,975,175.81	287,824,164.30
Assets held for sale		
Non-current assets due within one year		
Other current assets	11,038,934.77	14,685,220.14
Total current assets	1,175,686,832.68	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	4,801,080.72	5,036,745.54
Fixed assets	1,526,074,232.43	1,684,051,200.09
Construction in progress	181,542,438.64	143,683,545.15
Engineering materials		
Disposal of fixed assets		
Productive living assets		
Oil-gas assets		
Intangible assets	158,975,684.11	165,569,924.44
R&D expense		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	12,513,108.15	11,021,018.38
Other non-current assets	5,000,000.00	5,000,000.00
Total non-current assets	1,898,060,326.68	2,023,516,216.23
Total assets	3,073,747,159.36	2,977,268,169.32
Current liabilities:		
Short-term borrowings		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	46,000,000.00	
Accounts payable	161,613,737.51	134,357,481.77
Accounts received in advance	27,250,295.65	26,666,138.22
Financial assets sold for repurchase		
Handling charges and commissions		

payable		
Payroll payable	15,017,194.04	30,308,341.73
Taxes and fares payable	30,329,571.91	26,858,466.27
Interest payable	878,194.44	1,123,849.31
Dividends payable	250,000.00	250,000.00
Other accounts payable	140,041,664.76	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	106,000,000.00	244,000,000.00
Other current liabilities		
Total current liabilities	527,380,658.31	509,075,611.11
Non-current liabilities:		
Long-term borrowings	290,090,000.00	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	23,567,687.95	26,570,088.61
Deferred income tax liabilities		
Other non-current liabilities	126,722,400.00	
Total non-current liabilities	440,380,087.95	370,810,088.61
Total liabilities	967,760,746.26	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	25,800,622.66	22,848,859.15
Surplus reserves	190,699,248.11	190,699,248.11
Provisions for general risks		
Retained profit	1,032,499,860.36	1,026,847,680.37
Total equity attributable to owners of the Company	2,105,986,413.10	2,097,382,469.60
Minority interests		
Total owners' equity	2,105,986,413.10	2,097,382,469.60
Total liabilities and owners' equity	3,073,747,159.36	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	322,553,854.79	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	57,892,952.25	32,331,010.97
Accounts receivable	666,437,941.29	352,274,073.40
Accounts paid in advance	31,839,423.47	19,218,775.50
Interest receivable		
Dividends receivable		
Other accounts receivable	3,407,795.25	1,535,805.55
Inventories	176,187,933.48	275,057,647.64
Assets held for sale		
Non-current assets due within one year		
Other current assets	0.00	387,633.86
Total current assets	1,258,319,900.53	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	4,801,080.72	5,036,745.54
Fixed assets	1,392,673,910.04	1,543,099,613.97
Construction in progress	181,542,438.64	139,297,997.97
Engineering materials		
Disposal of fixed assets		
Productive living assets		
Oil-gas assets		
Intangible assets	147,035,395.69	150,253,232.11
R&D expense		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	9,521,665.24	8,855,180.95
Other non-current assets	5,000,000.00	5,000,000.00
Total non-current assets	1,805,254,908.37	1,916,223,188.58
Total assets	3,063,574,808.90	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	46,000,000.00	
Accounts payable	153,850,145.07	129,017,385.70
Accounts received in advance	22,149,278.95	24,885,411.49
Payroll payable	13,710,423.66	28,311,263.93
Taxes and fares payable	24,303,552.01	21,773,193.24
Interest payable	878,194.44	1,123,849.31
Dividends payable	250,000.00	250,000.00
Other accounts payable	142,311,579.71	23,536,806.94
Liabilities held for sale		
Non-current liabilities due within one year	106,000,000.00	244,000,000.00

Other current liabilities		
Total current liabilities	509,453,173.84	492,897,910.61
Non-current liabilities:		
Long-term borrowings	290,090,000.00	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	17,421,854.59	19,686,755.26
Deferred income tax liabilities		
Other non-current liabilities	126,722,400.00	
Total non-current liabilities	434,234,254.59	363,926,755.26
Total liabilities	943,687,428.43	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	20,831,510.35	17,879,746.84
Surplus reserves	190,699,248.11	190,699,248.11
Retained profit	1,050,633,564.83	1,052,351,622.44
Total owners' equity	2,119,887,380.47	2,118,653,674.57
Total liabilities and owners' equity	3,063,574,808.90	2,975,478,340.44

3. Consolidated income statement for the Reporting Period

Unit: RMB

Item	July-September 2016	July-September 2015
1. Operating revenues	431,962,833.14	558,298,652.20

Including: Sales income	431,962,833.14	558,298,652.20
Interest income		
Premium income		
Fee and commission income		
2. Operating costs	426,847,888.55	524,537,189.92
Including: Cost of sales	366,098,195.13	465,631,863.12
Interest expenses		
Fee and commission expenses		
Surrenders		
Net claims paid		
Net amount provided as insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium		
Business tax and surtaxes	145,309.20	1,607,100.75
Selling expenses	22,605,148.52	25,379,717.18
Administrative expenses	37,864,224.32	26,415,580.95
Finance costs	2,396,848.62	-2,139,035.30
Asset impairment loss	-2,261,837.24	7,641,963.22
Add: Profit on fair value changes (“-” means loss)		
Return on investment (“-” means loss)		1,667,155.76
Including: Share of profit/loss of associates and joint ventures		
Exchange gains (“-” means loss)		
3. Operating profit (“-” means loss)	5,114,944.59	35,428,618.04
Add: Non-operating revenue	1,096,173.28	1,095,975.47
Including: Profit on disposal of non-current assets		80,003.25
Less: Non-operating expense	1,865.58	
Including: Loss on disposal of non-current assets	1,865.58	
4. Total profit (“-” means loss)	6,209,252.29	36,524,593.51
Less: Corporate income tax	2,516,547.30	6,956,139.14
5. Net profit (“-” means loss)	3,692,704.99	29,568,454.37
Net profit attributable to owners of	3,692,704.99	29,447,643.10

the Company		
Minority interests' income		120,811.27
6. Other comprehensive income net of tax		
Other comprehensive income net of tax attributable to owners of the Company		
6.1 Other comprehensive income that will not be reclassified into profit/loss		
6.1.1 Changes in net liabilities or assets with a defined benefit plan upon re-measurement		
6.1.2 Share of other comprehensive income of investees that cannot be reclassified into profit/loss under the equity method		
6.2 Other comprehensive income to be subsequently reclassified into profit/loss		
6.2.1 Share of other comprehensive income of investees that will be reclassified into profit/loss under the equity method		
6.2.2 Profit/loss on fair value changes of available-for-sale financial assets		
6.2.3 Profit/loss on reclassifying held-to-maturity investments into available-for-sale financial assets		
6.2.4 Effective profit/loss on cash flow hedges		
6.2.5 Currency translation differences		
6.2.6 Other		
Other comprehensive income net of tax attributable to minority interests		
7. Total comprehensive income	3,692,704.99	29,568,454.37
Attributable to owners of the Company	3,692,704.99	29,447,643.10
Attributable to minority interests		120,811.27

8. Earnings per share		
8.1 Basic earnings per share	0.0062	0.0496
8.2 Diluted earnings per share	0.0062	0.0496

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 for the Reporting Period

Unit: RMB

Item	July-September 2016	July-September 2015
1. Operating revenues	431,161,841.45	565,157,182.75
Less: Operating costs	367,794,478.23	485,204,846.67
Business tax and surtaxes	142,068.22	1,576,979.43
Selling expenses	20,058,804.75	24,450,836.75
Administrative expenses	36,467,270.45	24,714,753.58
Finance costs	3,754,808.93	-761,497.65
Asset impairment loss	1,462,368.62	6,440,022.68
Add: profit on fair value changes (“-” means loss)		
Return on investment (“-” means loss)		1,667,155.76
Including: Share of profit/loss of associates and joint ventures		
2. Operating profit (“-” means loss)	1,482,042.25	25,198,397.05
Add: Non-operating revenue	850,339.95	850,142.14
Including: Profit on disposal of non-current assets		80,003.25
Less: Non-operating expense	1,865.58	
Including: Loss on disposal of non-current assets	1,865.58	
3. Total profit (“-” means loss)	2,330,516.62	26,048,539.19
Less: Corporate income tax	548,824.25	6,299,673.99
4. Net profit (“-” means loss)	1,781,692.37	19,748,865.20
5. Other comprehensive income net of tax		
5.1 Other comprehensive 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 Share of other comprehensive income of investees that cannot be reclassified into profit/loss under the equity method		
5.2 Other comprehensive income to be subsequently reclassified into profit/loss		
5.2.1 Share of other comprehensive income of investees that will be reclassified into profit/loss under the equity method		
5.2.2 Profit/loss on fair value changes of available-for-sale financial assets		
5.2.3 Profit/loss on reclassifying held-to-maturity investments into available-for-sale financial assets		
5.2.4 Effective profit/loss on cash flow hedges		
5.2.5 Currency translation differences		
5.2.6 Other		
6. Total comprehensive income	1,781,692.37	19,748,865.20
7. Earnings per share		
7.1 Basic earnings per share		
7.2 Diluted earnings per share		

5. Consolidated income statement for the period from the year-beginning to the end of the Reporting Period

Unit: RMB

Item	January-September 2016	January-September 2015
1. Operating revenues	1,437,659,990.64	1,793,550,335.01
Including: Sales income	1,437,659,990.64	1,793,550,335.01
Interest income		
Premium income		
Fee and commission income		

2. Operating costs	1,423,393,486.86	1,602,167,732.71
Including: Cost of sales	1,225,286,297.12	1,407,399,492.83
Interest expenses		
Fee and commission expenses		
Surrenders		
Net claims paid		
Net amount provided as insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium		
Business tax and surtaxes	3,998,584.39	10,494,221.59
Selling expenses	67,848,090.28	61,921,592.69
Administrative expenses	107,008,163.61	75,339,489.24
Finance costs	6,340,845.70	11,753,981.19
Asset impairment loss	12,911,505.76	35,258,955.17
Add: Profit on fair value changes (“-” means loss)		
Return on investment (“-” means loss)	75,504.00	1,667,155.76
Including: Share of profit/loss of associates and joint ventures		
Exchange gains (“-” means loss)		
3. Operating profit (“-” means loss)	14,342,007.78	193,049,758.06
Add: Non-operating revenue	14,979,033.26	4,033,354.91
Including: Profit on disposal of non-current assets	10,214,203.76	80,003.25
Less: Non-operating expense	5,258.23	14,810.07
Including: Loss on disposal of non-current assets	5,258.23	7,689.72
4. Total profit (“-” means loss)	29,315,782.81	197,068,302.90
Less: Corporate income tax	8,815,522.32	49,855,500.55
5. Net profit (“-” means loss)	20,500,260.49	147,212,802.35
Net profit attributable to owners of the Company	20,500,260.49	147,125,818.69
Minority interests’ income		86,983.66
6. Other comprehensive income net of tax		
Other comprehensive income net		

of tax attributable to owners of the Company		
6.1 Other comprehensive income that will not be reclassified into profit/loss		
6.1.1 Changes in net liabilities or assets with a defined benefit plan upon re-measurement		
6.1.2 Share of other comprehensive income of investees that cannot be reclassified into profit/loss under the equity method		
6.2 Other comprehensive income to be subsequently reclassified into profit/loss		
6.2.1 Share of other comprehensive income of investees that will be reclassified into profit/loss under the equity method		
6.2.2 Profit/loss on fair value changes of available-for-sale financial assets		
6.2.3 Profit/loss on reclassifying held-to-maturity investments into available-for-sale financial assets		
6.2.4 Effective profit/loss on cash flow hedges		
6.2.5 Currency translation differences		
6.2.6 Other		
Other comprehensive income net of tax attributable to minority interests		
7. Total comprehensive income	20,500,260.49	147,212,802.35
Attributable to owners of the Company	20,500,260.49	147,125,818.69
Attributable to minority interests		86,983.66
8. Earnings per share		
8.1 Basic earnings per share	0.0345	0.2477
8.2 Diluted earnings per share	0.0345	0.2477

Where business mergers under the same control occurred in the current period, the 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.

6. Income statement of the Company for the period from the year-beginning to the end of the Reporting Period

Unit: RMB

Item	January-September 2016	January-September 2015
1. Operating revenues	1,428,050,843.45	1,825,137,994.82
Less: Operating costs	1,224,218,814.54	1,456,596,958.04
Business tax and surtaxes	3,967,554.85	10,391,670.97
Selling expenses	62,489,429.76	59,488,583.83
Administrative expenses	102,577,822.91	70,348,679.31
Finance costs	11,112,451.30	13,711,309.13
Asset impairment loss	8,894,601.80	28,808,483.31
Add: profit on fair value changes (“-” means loss)		
Return on investment (“-” means loss)	75,504.00	1,667,155.76
Including: Share of profit/loss of associates and joint ventures		
2. Operating profit (“-” means loss)	14,865,672.29	187,459,465.99
Add: Non-operating revenue	3,840,051.62	3,295,854.92
Including: Profit on disposal of non-current assets		80,003.25
Less: Non-operating expense	5,258.23	14,810.07
Including: Loss on disposal of non-current assets	5,258.23	7,689.72
3. Total profit (“-” means loss)	18,700,465.68	190,740,510.84
Less: Corporate income tax	5,570,442.79	49,589,551.97
4. Net profit (“-” means loss)	13,130,022.89	141,150,958.87
5. Other comprehensive income net of tax		
5.1 Other comprehensive 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 Share of other comprehensive income of investees that cannot be reclassified into profit/loss under the equity method		

5.2 Other comprehensive income to be subsequently reclassified into profit/loss		
5.2.1 Share of other comprehensive income of investees that will be reclassified into profit/loss under the equity method		
5.2.2 Profit/loss on fair value changes of available-for-sale financial assets		
5.2.3 Profit/loss on reclassifying held-to-maturity investments into available-for-sale financial assets		
5.2.4 Effective profit/loss on cash flow hedges		
5.2.5 Currency translation differences		
5.2.6 Other		
6. Total comprehensive income	13,130,022.89	141,150,958.87
7. Earnings per share		
7.1 Basic earnings per share		
7.2 Diluted earnings per share		

7. Consolidated cash flow statement for the period from the year-beginning to the end of the Reporting Period

Unit: RMB

Item	January-September 2016	January-September 2015
1. Cash flows from operating activities:		
Cash received from sale of commodities and rendering of service	985,862,427.42	1,338,674,461.07
Net increase in money deposits from customers and interbank 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 at fair value through profit/loss		
Interest, fees and commissions received		
Net increase in interbank borrowings		
Net increase in funds in repurchase business		
Tax refunds received	15,651,740.37	33,027,658.35
Cash received from other operating activities	6,516,166.67	13,336,093.05
Subtotal of cash inflows from operating activities	1,008,030,334.46	1,385,038,212.47
Cash paid for goods and services	552,215,840.22	998,571,519.01
Net increase in loans and advances to customers		
Net increase in funds deposited in the Central Bank and interbank placements		
Cash paid for claims of original insurance contracts		
Interest, fees and commissions paid		
Cash paid as policy dividends		
Cash paid to and for employees	143,197,915.52	154,413,656.47
Taxes and fares paid	45,890,780.09	116,454,133.57
Cash paid for other operating activities	86,627,016.98	61,598,926.28
Subtotal of cash outflows from operating activities	827,931,552.81	1,331,038,235.33
Net cash flows from operating activities	180,098,781.65	53,999,977.14
2. Cash flows from investing activities:		
Cash received from retraction of investments		
Cash received as return on investments	75,504.00	1,667,155.76
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	18,221,964.00	
Net cash received from disposal of subsidiaries or other business units		
Cash received from other investing		

activities		
Subtotal of cash inflows from investing activities	18,297,468.00	1,667,155.76
Cash paid to acquire fixed assets, intangible assets and other long-term assets	60,462,278.11	222,759,439.09
Cash paid for investment		
Net increase in pledged loans		
Net cash paid to acquire subsidiaries and other business units		
Cash paid for other investing activities		
Subtotal of cash outflows from investing activities	60,462,278.11	222,759,439.09
Net cash flows from investing activities	-42,164,810.11	-221,092,283.33
3. Cash flows from financing activities:		
Cash received from capital contributions		
Including: Cash received from minority shareholder investments by subsidiaries		
Cash received as borrowings		411,605,350.00
Cash received from issuance of bonds		
Cash received from other financing activities	226,722,400.00	4,500,000.00
Subtotal of cash inflows from financing activities	226,722,400.00	416,105,350.00
Repayment of borrowings	211,500,000.00	68,840,800.00
Cash paid for interest expenses and distribution of dividends or profit	34,555,572.89	86,779,196.98
Including: dividends or profit paid by subsidiaries to minority interests		
Cash paid for other financing activities	13,800,000.00	
Sub-total of cash outflows from financing activities	259,855,572.89	155,619,996.98
Net cash flows from financing activities	-33,133,172.89	260,485,353.02
4. Effect of foreign exchange rate changes on cash and cash equivalents	2,600,402.59	822,030.92
5. Net increase in cash and cash equivalents	107,401,201.24	94,215,077.75

Add: Opening balance of cash and cash equivalents	406,098,208.72	418,847,736.46
6. Closing balance of cash and cash equivalents	513,499,409.96	513,062,814.21

8. Cash flow statement of the Company for the period from the year-beginning to the end of the Reporting Period

Unit: RMB

Item	January-September 2016	January-September 2015
1. Cash flows from operating activities:		
Cash received from sale of commodities and rendering of service	816,434,629.93	1,297,560,789.66
Tax refunds received	168,260.60	16,386,842.52
Cash received from other operating activities	10,972,672.86	13,199,365.29
Subtotal of cash inflows from operating activities	827,575,563.39	1,327,146,997.47
Cash paid for goods and services	560,624,633.14	893,146,308.65
Cash paid to and for employees	138,230,622.08	143,778,453.71
Taxes and fares paid	38,185,716.01	110,933,461.28
Cash paid for other operating activities	78,055,336.12	52,821,928.31
Subtotal of cash outflows from operating activities	815,096,307.35	1,200,680,151.95
Net cash flows from operating activities	12,479,256.04	126,466,845.52
2. Cash flows from investing activities:		
Cash received from retraction of investments		
Cash received as return on investments	75,504.00	1,667,155.76
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	10,621,964.00	
Net cash received from disposal of subsidiaries or other business units		
Cash received from other investing activities		
Subtotal of cash inflows from investing activities	10,697,468.00	1,667,155.76
Cash paid to acquire fixed assets,	59,749,655.11	222,759,439.09

intangible assets and other long-term assets		
Cash paid for investment		
Net cash paid to acquire subsidiaries and other business units		
Cash paid for other investing activities		
Subtotal of cash outflows from investing activities	59,749,655.11	222,759,439.09
Net cash flows from investing activities	-49,052,187.11	-221,092,283.33
3. Cash flows from financing activities:		
Cash received from capital contributions		
Cash received as borrowings		371,000,000.00
Cash received from issuance of bonds		
Cash received from other financing activities	226,722,400.00	4,500,000.00
Subtotal of cash inflows from financing activities	226,722,400.00	375,500,000.00
Repayment of borrowings	211,500,000.00	50,500,000.00
Cash paid for interest expenses and distribution of dividends or profit	34,555,572.89	86,548,931.74
Cash paid for other financing activities	13,800,000.00	
Sub-total of cash outflows from financing activities	259,855,572.89	137,048,931.74
Net cash flows from financing activities	-33,133,172.89	238,451,068.26
4. Effect of foreign exchange rate changes on cash and cash equivalents	9,753.81	-278,150.43
5. Net increase in cash and cash equivalents	-69,696,350.15	143,547,480.02
Add: Opening balance of cash and cash equivalents	378,450,204.94	344,750,284.42
6. Closing balance of cash and cash equivalents	308,753,854.79	488,297,764.44

II Auditor's report

Is this Report audited?

Yes No

This Report is unaudited.

Hubei Sanonda Co., Ltd.

26 October 2016