



HUBEI SANONDA CO., LTD.

2015 Semi-annual Report

July 2015

Section I. Important Reminders, Contents & Explanation

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.

The Company plans not to distribute cash dividends or bonus shares or turn capital reserve into share capital.

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.

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Explanation

Term	Refers to	Contents
Company/the Company	Refers to	Hubei Sanonda Co., Ltd.
CSRC Hubei	Refers to	The Hubei bureau of China Securities Regulatory Commission
CSRC	Refers to	China Securities Regulatory Commission
SSE	Refers to	Shenzhen Stock Exchange
Reporting period/the reporting period	Refers to	1 Jan. 2015-30 Jun. 2015
CNAC	Refers to	China National Agrochemical Corporation (holding 100% equity of Sanonda Group, the Company's controlling shareholder)
Celsius	Refers to	ADAMA Celsius B.V., a company incorporated in the Netherlands according to its law, once called Celsius Property B.V., holding a stake of 10.6% in the Company
ADAMA	Refers to	ADAMA Agricultural Solutions LTD., a subsidiary indirectly controlled by CNAC, once called Makhteshim-Agan Industries Ltd., a company incorporated in Israel according to its law, indirectly holding the 100% equity of Celsius
Sanonda Holdings	Refers to	Jingzhou Sanonda Holdings Co., Ltd., once called Sanonda Group Co., Ltd., the controlling shareholder of the Company

Section II. Company Profile

I. Basic information of the Company

Stock abbreviation	SLDA (SLDB)	Stock code	000553 (200553)
Stock abbreviation after change (if any)	N/A		
Stock exchange listed with	Shenzhen Stock Exchange		
Chinese name of the Company	湖北沙隆达股份有限公司		
Abbr. of the Chinese name of the Company (if any)	沙隆达		
English name of the Company (if any)	HUBEI SANONDA CO., LTD.		
Abbr. of the English name of the Company (if any)	SANONDA		
Legal representative of the Company	An Liru		

II. Contact information

	Company Secretary	Securities Affairs Representative
Name	Li Zhongxi	
Contact address	No. 93, Beijing East Road, Jingzhou, Hubei Province, R.R.China	
Tel.	0716-8208632	
Fax	0716-8321099	
E-mail	lizhongxi@agr.chemchina.com	

III. Other information

1. Ways to contact the Company

Did any change occur to the registered address, office address and their postal codes, website address and email address of the Company during the reporting period?

Applicable Inapplicable

The registered address, office address and their postal codes, website address and email address of the Company did not change during the reporting period. The said information can be found in the 2014 Annual Report.

2. About information disclosure and where this report is placed

Did any change occur to information disclosure media and where this report is placed during the reporting period?

Applicable Inapplicable

The newspapers designated by the Company for information disclosure, the website designated by CSRC for disclosing this report and the location where this report is placed did not change during the reporting period. The said information can be found in the 2014 Annual Report.

3. Change of the registered information

Did any change occur to the registered information during the reporting period?

Applicable Inapplicable

The registration date and place of the Company, its business license No., taxation registration No. and organizational code did not change during the reporting period. The said information can be found in the 2014 Annual Report.

Section III. Highlights of Accounting Data & Financial Indicators

I. Major accounting data and financial indicators

Does the Company adjust retrospectively or restate accounting data of previous years due to change of the accounting policy or correction of any accounting error?

Yes No

	Reporting period	Same period of last year	YoY +/- (%)
Operating revenues (RMB Yuan)	1,235,251,682.81	1,700,281,424.68	-27.35%
Net profit attributable to shareholders of the Company (RMB Yuan)	117,678,175.59	288,406,597.13	-59.20%
Net profit attributable to shareholders of the Company after extraordinary gains and losses (RMB Yuan)	115,491,779.81	287,537,764.46	-59.83%
Net cash flows from operating activities (RMB Yuan)	-19,276,749.38	374,110,765.75	-105.15%
Basic EPS (RMB Yuan/share)	0.1981	0.4856	-59.21%
Diluted EPS (RMB Yuan/share)	0.1981	0.4856	-59.21%
Weighted average ROE (%)	5.74%	17.15%	-11.41%
	As at the end of the reporting period	As at the end of last year	YoY +/- (%)
Total assets (RMB Yuan)	3,232,902,083.48	2,934,299,657.47	10.18%
Net assets attributable to shareholders of the Company (RMB Yuan)	2,071,115,738.60	2,007,631,150.60	3.16%

II. Differences between accounting data under domestic and overseas accounting standards

1. Differences of net profit and net assets disclosed in financial reports prepared under international and Chinese accounting standards

Applicable Inapplicable

No difference.

2. Differences of net profit and net assets disclosed in financial reports prepared under overseas and Chinese accounting standards

Applicable Inapplicable

No difference.

III. Items and amounts of extraordinary gains and losses√Applicable Inapplicable

Unit: RMB Yuan

Item	Amount	Explanation
Gains/losses on the disposal of non-current assets (including the offset part of asset impairment provisions)	-7,689.72	
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	2,909,544.44	
Other non-operating income and expenses other than the above	20,714.65	
Less: Income tax effects	730,642.34	
Minority interests effects (after tax)	5,531.25	
Total	2,186,395.78	--

Explain the reasons if the Company classifies an item as an extraordinary gain/loss according to the definition in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Extraordinary Gains and Losses, or classifies any extraordinary gain/loss item mentioned in the said explanatory announcement as a recurrent gain/loss item

 Applicable Inapplicable

No such cases.

Section IV. Report of the Board of Directors

I. Overview

In the first half of 2015, the pesticide market was sluggish with a weak demand while the domestic chemical pesticide output still increased slightly, causing severe oversupply as well as fiercer competition in the pesticide market. As a result, prices of main pesticides kept falling, leaving a strong impact on the production and operation of the Company.

In the reporting period, united as one man, all employees of the Company focused on the main tasks of “reduce cost and increase profit” that had been set at the beginning of the year, and proactively dealt with the adverse situation of a depressed industry, decreased orders and falling prices. We tried to capture the market and expand sales by actively conducting marketing competitions; pushed forward system construction and intensified safety and environmental protection management to ensure safe production; carefully arranged production to give full play to our whole set of devices; advanced technological progress and enhanced benchmarking for cost and consumption reduction; strengthened supply chain management, controlled logistics cost and reduced inventory; cut down procurement cost by better forecasting bulk raw material prices and becoming stricter in bidding invitation for procurement; enhanced human resource management to control labor cost; and strengthened new project management, resulting in the smooth operation of pyridine and ionic membrane caustic soda devices. We strove for steady growth and all production and operation indicators turned out mostly as we had expected.

For the reporting period, we achieved operating revenues of RMB 1.235 billion, down 27.35% from the same period of last year; earned USD 112 million from export, down 35.97% year on year; made total profits of RMB 160 million, down 59.17% year on year; achieved a gross profit rate of 23.61%, down by 7.22 percentage points from a year earlier; and achieved a pesticide output of 21,650 tons (100% purity), down 37.47% over the same period of last year. This is mainly because: the pesticide market stayed languid in the reporting period with a weak demand for the Company’s main products but extremely fierce competition; our production devices were operating at low capacity; and the sales income and gross profit rate both decreased considerably as compared with the same period of last year.

II. Main business analysis

YoY change of major financial data:

Unit: RMB Yuan

	Reporting period	Same period of last year	YoY +/-%	Main reasons for change
Operating revenues	1,235,251,682.81	1,700,281,424.68	-27.35%	
Operating costs	941,767,629.71	1,176,489,773.88	-19.95%	
Selling expenses	36,541,875.51	43,196,541.82	-15.41%	
Administrative expenses	48,923,908.29	56,494,485.42	-13.40%	
Financial expenses	13,893,016.49	17,251,932.88	-19.47%	
Income tax expenses	42,899,361.41	104,989,467.59	-59.14%	Total profits dropped.
R&D input	1,349,295.92	1,687,506.31	-20.04%	
Net cash flows from operating activities	-19,276,749.38	374,110,765.75	-105.15%	Sales income decreased.

Net cash flows from investing activities	-152,808,985.39	-239,346,526.88	36.16%	Project input decreased.
Net cash flows from financing activities	181,047,673.31	-89,472,142.62	302.35%	Bank loan repayments decreased.
Net increase in cash and cash equivalents	8,999,355.64	45,842,050.84	-80.37%	Net cash flows from operating activities decreased.

Major changes to the profit structure or sources of the Company during the reporting period:

Applicable Inapplicable

No major changes occurred to the profit structure or sources of the Company during the reporting period.

Reporting period progress of the future development planning in the disclosed documents of the Company such as share-soliciting prospectuses, offering prospectuses, asset reorganization reports, etc.:

Applicable Inapplicable

The Company did not mention any future planning for the reporting period in its disclosed documents such as share-soliciting prospectuses, offering prospectuses, asset reorganization reports, etc.

Review the progress of the previously disclosed business plan in the reporting period:

The operating revenue goal of the Company for 2015 is RMB 3.3 billion. And RMB 1.235 billion has been accomplished for the reporting period, 37.42% of the goal.

III. Breakdown of main business

Unit: RMB Yuan

	Operating revenues	Operating costs	Gross profit rate (%)	Increase/decrease of operating revenues over the same period of last year (%)	Increase/decrease of operating costs over the same period of last year (%)	Increase/decrease of gross profit rate over the same period of last year (%)
Classified by industry:						
Industry of manufacturing chemical raw materials and chemical products	1,227,923,283.93	937,967,817.10	23.61%	-27.11%	-19.50%	-7.22%
Classified by product:						
New chemical materials and special chemicals	12,558,356.69	7,275,847.24	42.06%	46.52%	34.13%	5.35%
Basic (chlor-alkali) chemical	103,612,760.88	99,169,418.15	4.29%	116.87%	216.59%	-30.15%

products							
Agriculture-applied chemicals, such as fertilizer and pesticide	1,240,124,689.66	959,895,075.01	22.60%	-29.24%	-23.38%	-5.92%	
Internal offset amount	-128,372,523.30	-128,372,523.30	0.00%	3.23%	3.23%	0.00%	
Classified by region:							
Domestic	673,875,714.20	565,347,384.50	16.11%	-11.56%	1.78%	-10.99%	
Overseas	682,420,093.03	500,992,955.86	26.59%	-34.82%	-31.75%	-3.30%	
Internal offset amount	-128,372,523.30	-128,372,523.30	0.00%	3.23%	3.23%	0.00%	

IV. Core competitiveness analysis

No significant changes occurred to the core competitiveness of the Company in the reporting period.

V. Investment analysis

1. Investments in equities of external parties

(1) Foreign investment

Applicable Inapplicable

There was no foreign investment of the Company in the reporting period.

(2) Equity-holdings in financial enterprises

Applicable Inapplicable

Enterprise name	Enterprise variety	Initial investment cost (RMB Yuan)	Opening equity-holdings (share)	Opening equity-holding ratio	Closing equity-holdings (share)	Closing equity-holding ratio	Closing book value (RMB Yuan)	Gain/loss in the reporting period (RMB Yuan)	Accounting title	Equity source
Hubei Bank	Commercial bank	20,000,000.00	23,481,067	0.71%	23,481,067	0.71%	8,008,982.63	0.00	Available-for-sale financial assets	Purchase of corporate stock
Total		20,000,000.00	23,481,067	--	23,481,067	--	8,008,982.63	0.00	--	--

(3) Investment in securities

Applicable Inapplicable

There was no investment in securities by the Company in the reporting period.

(4) Shareholdings in other listed companies

Applicable Inapplicable

No such cases in the reporting period.

2. Information of trust management, derivative investment and entrusted loan**(1) Trust management**

Applicable Inapplicable

There was no trust management of the Company in the reporting period.

(2) Derivative investment

Applicable Inapplicable

There was no derivative investment of the Company in the reporting period.

(3) Entrusted loan

Applicable Inapplicable

There was no entrusted loan of the Company in the reporting period.

3. Use of raised funds

Applicable Inapplicable

No such cases in the reporting period.

4. Analysis to main subsidiaries and stock-participating companies

Applicable Inapplicable

Main subsidiaries and stock-participating companies:

Unit: RMB Yuan

Company name	Company variety	Industry	Main products/services	Registered capital	Total assets	Net assets	Operating revenues	Operating profit	Net profit
Sanonda (Jingzhou)	Subsidiary	Chemical raw	Production of	30000000.00	2,672,351.03	-1,695,752.57		-255,333.41	-255,333.41

Pesticides and Chemicals Co., Ltd.		material and chemical product manufacturing industry	pesticides and intermediates						
Hubei Sanonda Foreign Trading Co., Ltd.	Subsidiary	Trade industry	Import & export of pesticides and intermediates	10000000.00	308,137,101.52	34,716,076.12	89,658,412.69	-1,637,755.09	-1,247,238.52
Jingzhou Hongxiang Chemical Co., Ltd.	Subsidiary	Chemical raw material and chemical product manufacturing industry	Production and sale of chemical raw materials	40000000.00	172,020,087.66	-17,969,614.22	78,462,515.11	-2,746,840.42	-2,255,173.76

5. Significant projects of investments with non-raised funds

√ Applicable □ Inapplicable

Unit: RMB Ten Thousand Yuan

Project name	Total investment	Input for this period	Cumulative actual input as at the period-end	Project progress	Project earnings	Disclosure date (if any)	Disclosure index (if any)
0.3 million tons/year energy saving and emission reduction technical transformation item of caustic soda devices (with 0.2 million tons/year)	62,162	21,111	57,030	100.00%	Gradually put to operation	28 May 2013	Announcement on the investment and construction of 0.3 million tons/year energy saving and emission reduction technical transformation item of caustic soda devices (with 0.2

							million tons/year) (Announcement No. 2013-24), which disclosed on www.cninfo.com.cn
Total	62,162	21,111	57,030	--	--	--	--

VI. Predict the operating results of Jan.-Sep. 2015

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

Applicable Inapplicable

VII. Explanation by the Board of Directors and the Supervisory Committee about the “non-standard audit report” issued by the CPAs firm for the reporting period

Applicable Inapplicable

VIII. Explanation by the Board of Directors about the relevant situation of the “non-standard audit report” of the first half year

Applicable Inapplicable

IX. Implementation of profit allocation during the reporting period

Profit allocation plan implemented during the reporting period, especially execution and adjustment of the cash dividend plan and the plan for turning capital reserve into share capital:

Applicable Inapplicable

On 10 March 2015, the 35th Meeting of the 6th Board of Directors reviewed and approved the Preplan of the 2014 Profits Allocation of the Company, and the proposal was later reviewed and approved by the 2014 Annual Shareholders' General Meeting of the Company on 3 April 2015. The Plan of the 2014 Profit Allocation was: based on the total shares of the Company as at 31 December 2014, the Company distributed a cash dividend of RMB 1.0 (tax included) for every 10 shares held by its shareholders; and there were no bonus shares or turning of capital reserve into share capital. On 18 April 2015, the Implementation Announcement of the Equity Allocation of Y2014 was disclosed on the designated information disclosure media and distribution of the above cash dividends was finished on 29 April 2015.

Special explanation of the cash dividend policy	
Whether conformed with the regulations of the Articles of association or the requirements of the resolutions of the shareholders' meeting:	Yes
Whether the dividend standard and the proportion were definite	Yes. Article 155 in the Articles of Association of the Company

and clear:	stipulates the profit distribution policy, decision-making policy, the condition of the dividend and the proportion of the Company etc.
Whether the relevant decision-making process and the system were complete:	Yes
Whether the independent director acted dutifully and exerted the proper function:	Yes
Whether the medium and small shareholders had the chances to fully express their suggestions and appeals, of which their legal interest had gained fully protection:	Yes
Whether the conditions and the process met the regulations and was transparent of the adjustment or altered of the cash dividend policy:	Inapplicable

X. Preplan for profit distribution and turning capital reserve into share capital in the reporting period

Applicable Inapplicable

The Company planed that no to distribute cash dividend, bonus shares and there was no turning of capital reserve into share capital.

XI. Particulars about researches, visits and interviews received in this reporting period

Applicable Inapplicable

No such cases in the reporting period.

Section V. Significant Events

I. Corporate governance

The situation of the Company's governance did not differ in principle from the Company Law and the relevant CSRC requirements in the reporting period.

II. Litigations

Significant litigations and arbitrations

Applicable Inapplicable

No such cases in the reporting period.

Other litigations

Applicable Inapplicable

III. Media query

Applicable Inapplicable

The Company was not involved in any media query in the reporting period.

IV. Bankruptcy or Reorganization Events

Applicable Inapplicable

There Company was not involved in any bankruptcy or reorganization events in the reporting period.

V. Transaction in Assets

1. Purchase of assets

Applicable Inapplicable

There is no purchase of assets in the Company during the reporting period

2. Sale of assets

Applicable Inapplicable

There is no sale of assets in the Company during the reporting period.

3. Business combination

Applicable Inapplicable

There is no business combination in the Company during the reporting period.

VI. Implementation and Influence of Equity Incentive Plan of the Company

Applicable Inapplicable

There is no equity incentive plan and its implementation in the Company during the reporting period.

VII. Significant related-party transactions

1. Related-party transactions concerning routine operation

Applicable Inapplicable

Related party	Relationship	Type of the related-party transaction	Content of the related-party transaction	Pricing principle of the related-party transaction	Transaction price	Transaction amount (RMB Ten thousand)	Proportion in same kind of transactions (%)	Approved transaction line (RMB Ten thousand)	Over approved line or not	Settlement method of the related-party transaction	Similar Transaction market price receivable	Disclosure date	Disclosure index
Haohua Engineering Co., Ltd.	Under the same ultimate controller	Purchase	Equipments and service	Market price		259		15,500	No	Cash remittance		20 July 2015	Announcement NO. 2013-34 name of the announcement: the Transactions Announcement Related Contract For Epc General Contracting Project Signed With Related Parties Information disclosed on http://www.cninfo.com.cn
Bluestar (Beijing) Chemical Machinery Co., Ltd.	Under the same ultimate controller	Purchase	Equipment repair	Market price		3		10,500	No	Cash remittance		20 July 2015	Announcement NO. 2013-34 name of the announcement: the Transactions Announcement Related Contract For

													Epc General Contracting Project Signed With Related Parties Information disclosed on http://www.cninfo.com.cn
ADAMA Agricultural Solutions LTD.,	Under the same ultimate controller	Sale	Pesticides	Market price		5,658		10,000	No			4 February 2015	Announcement No. 2015-3; announcement title: Announcement on Expected Routine Related-party Transactions for 2015; disclosed on http://www.cninfo.com.cn
Total				--	--	5,920	--	36,000	--	--	--	--	--
Details about return of large-amount sales				N/A									
Where the Company classifies and estimates the total amount of routine related-party transactions for the reporting period, explain the actual implementation during the reporting period (if any)				Expected sales to related parties for 2015 were RMB 133 million, with the actual sales in the reporting period being RMB 56.58 million. Meanwhile, the procurement from related parties stood at RMB 2.62 million mainly because the EPC general contracting agreement signed in 2013 has not yet been fully executed.									
Explain why the transaction price is greatly different from the market price (if applicable)				The company's related transactions with related party shall be carried out in accordance with the principle of voluntary, equality and mutual benefit, fair, and will not harm the interests of the company.									

2. Related-party transactions arising from asset acquisition or sale

Applicable Inapplicable

The Company was not involved in any related-party transactions arising from asset acquisition or sale during the reporting period.

3. Related-party transitions with joint investments

Applicable Inapplicable

The Company was not involved in any related-party transaction with joint investments during the reporting period.

4. Credits and liabilities with related parties

Applicable Inapplicable

No such cases in the reporting period.

5. Other significant related-party transactions

Applicable Inapplicable

1. The parent company of the Group—Jingzhou Sanonda Holdings Co., Ltd.—paid & gained wages and social security through the Group with a total of RMB 260,481.

2. Balance of bank deposit of Chemchina Finance Co., Ltd. of the Group at the period- begin was of RMB 82,266,671.62, period-end was of RMB 93,935,463.21, and balance of short-term loan at the period- begin was of RMB 0, period-end was of RMB 50,000,000.00; Interest of bank deposit of this year was of RMB 964,074.02, and interest of the paid of short-term loan of this year was of RMB 565,875.00.

3. In reporting period, the 7th floor of the Company's office building had rented to Jingzhou Sanonda Holdings Co., Ltd. for business operation in the reporting period with the annual rent of RMB 120,000.

4. In reporting period, the Company paid guarantee of RMB 1,315,000 to Jingzhou Sanonda Holdings Co., Ltd. and China National Chemical Agrochemical Corporation.

The website to disclose the interim announcements on significant related-party transactions

Name of the interim announcement	Disclosure date of the interim announcement	Website to disclose the interim announcement
Related transaction announcement of insurance pay to the controlling shareholder and related parties	4 Feb. 2015	www.cninfo.com.cn
Related transaction announcement of China National Chemical Financial Corporation Continuing to Provide Financial Services to the Company	28 May 2013	www.cninfo.com.cn

VIII. Particulars about the non-operating occupation of funds by the controlling shareholder and other related parties of the Company

Applicable Inapplicable

The Company was not involved in the non-operating occupation of funds by the controlling shareholder and other related parties during the reporting period.

IX. Particulars about significant contracts and their fulfillment**1. Particulars about trusteeship, contract and lease**

(1) Trusteeship

Applicable Inapplicable

There was no any trusteeship of the Company in the reporting period.

(2) Contract

Applicable Inapplicable

There was no any contract of the Company in the reporting period.

(3) Lease

Applicable Inapplicable

Explanation on the lease

The 7th floor of the Company's office building had rented to Jingzhou Sanonda Holdings Co., Ltd. for business operation in the reporting period with the annual rent of RMB 120,000.

The lease whose profits reaching more than 10% of the total profits of the Company in the reporting period

Applicable Inapplicable

There was no any lease whose profits reaching more than 10% of the total profits of the Company in the reporting period.

2. Guarantees provided by the company

Applicable Inapplicable

Unit: RMB Ten Thousand Yuan

Guarantees provided by the Company for external parties (excluding those for subsidiaries)								
Guaranteed party	Disclosure date on relevant announcement of guaranteed amount	Amount for guarantee	Actual occurrence date (date of agreement)	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed or not	Guarantee for a related party or not
Guarantees provided by the Company for its subsidiaries								
Guaranteed party	Disclosure date on relevant announcement of guaranteed amount	Amount for guarantee	Actual occurrence date (date of agreement)	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed or not	Guarantee for a related party or not
Hubei Sanonda Foreign Trading	3 Feb. 2015	31,900	3 Feb. 2015	12,400		1 year	No	Yes

Co., Ltd.								
Total guarantee line approved for the subsidiaries during the reporting period (B1)		31,900	Total actual occurred amount of guarantee for the subsidiaries during the reporting period (B2)					12,400
Total guarantee line that has been approved for the subsidiaries at the end of the reporting period (B3)		31,900	Total actual guarantee balance for the subsidiaries at the end of the reporting period (B4)					12,400
Guarantees provided by subsidiaries for subsidiaries								
Guaranteed party	Disclosure date on relevant announcement of guaranteed amount	Amount for guarantee	Actual occurrence date (date of agreement)	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed or not	Guarantee for a related party or not
Total guarantee amount provided by the Company (total of the above-mentioned three kinds of guarantees)								
Total guarantee line approved during the reporting period (A1+B1+C1)		31,900	Total actual occurred amount of guarantee during the reporting period (A2+B2+C2)					12,400
Total guarantee line that has been approved at the end of the reporting period (A3+B3+C3)		31,900	Total actual guarantee balance at the end of the reporting period (A4+B4+C4)					12,400
Proportion of total guarantee amount (A4+B4+C4) to the net assets of the Company								5.99%
Of which:								
Amount of debt guarantee provided for the guaranteed party whose asset-liability ratio is not less than 70% directly or indirectly (E)								12,400
Total amount of the above three guarantees (D+E+F)								12,400

Explanation on guarantee that adopts complex method

(1) Particulars about illegal external guarantee

Applicable Inapplicable

There was no particular about illegal external guarantee of the Company in the reporting period.

3. Other significant contracts

Applicable Inapplicable

There was no other significant contract of the Company in the reporting period.

4. Other significant transactions

Applicable Inapplicable

There was no other significant transaction of the Company in the reporting period.

X. Commitments made by the Company or shareholders holding over 5% of the Company's shares in the reporting period or such commitments carried down into the reporting period

Applicable Inapplicable

Type of commitment	Commitment maker	Commitment contents	Time of commitment	Term of commitment	Execution
Commitments made in acquisition report or in report on changes of equity	ADAMA Celsius B.V.; ADAMA Agricultural Solutions Ltd.	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	2013-09-07	2020-09-06	The commitments were being carried out and the commitment makers abided by the above commitments.

		<p>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.</p>			
	<p>ADAMA Celsius B.V.;ADAMA Agricultural Solutions Ltd.</p>	<p>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</p>	<p>2013-09-07</p>	<p>9999-12-31</p>	<p>The commitments were being carried out and the commitment makers abided by the above commitments.</p>

		<p>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>China National Chemical Corporation</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 made in acquisition report</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>

		<p>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.</p>			
	China National Chemical Corporation	<p>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.</p>	2013-09-07	9999-12-31	The commitments were being carried out and the commitment maker abided by the above commitments.

		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.			
Commitments made at the time of assets reorganization					
Commitments made in the initial public offering or refinancing					
Commitments made by the company to other medium and small shareholders					
Executed in time or not?	Yes				
Detailed reason for failing to execute and the next plan (if any)	Inapplicable				

XI. Particulars about engagement and disengagement of CPAs firm

Whether the semi-annual financial report had been audited?

Yes No

This semi-annual report is un-audited.

XII. Punishment and Rectification

Applicable Inapplicable

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

XIII. Reveal of the delisting risks of illegal or violation

Applicable Inapplicable

There was no any delisting risk of illegal or violation of the Company in the reporting period.

XIV. Explanation about other significant matters

Applicable Inapplicable

No such cases in the reporting period.

Section VI. Changes in Share Capital and Particulars about Shareholders

I. Changes in share capital

Unit: Share

	Before this change		Increase/decrease (+, -)					After the change	
	Amount	Proportion (%)	Issuance of new shares	Bonus share	Capitalization of public reserve fund	Other	Subtotal	Amount	Proportion (%)
I. Shares subject to trading moratorium	36,165	0.01%						36,165	0.01%
1. State-owned shares	0	0.00%						0	0.00%
2. State-owned legal person shares	0	0.00%						0	0.00%
3. Other domestic shares	36,165	0.01%						36,165	0.01%
Including: Shares held by domestic legal persons	0	0.00%						0	0.00%
Shares held by domestic individuals	36,165	0.01%						36,165	0.01%
4. Shares held by overseas shareholders	0	0.00%						0	0.00%
Including: Shares held by overseas legal persons	0	0.00%						0	0.00%
Shares held by overseas individuals	0	0.00%						0	0.00%
II. Shares not subject to trading moratorium	593,887,055	99.99%						593,887,055	99.99%
1. Ordinary shares denominated in RMB	363,891,155	61.27%						363,891,155	61.27%
2. Domestically listed foreign shares	229,995,900	38.73%						229,995,900	38.73%

3. Overseas listed foreign shares	0	0.00%						0	0.00%
4. Other	0	0.00%						0	0.00%
III. Total of shares	593,923,220	100.00%						593,923,220	100.00%

Reasons for changes in share

Applicable Inapplicable

Approval of share changes

Applicable Inapplicable

Transfers in share changes

Applicable Inapplicable

Influence of share changes towards financial indexes in the latest year and latest period such as basic EPS and diluted EPS, and net assets per share belonging to shareholder with ordinary share

Applicable Inapplicable

Other contents that the Company thinks necessary or is asked by securities regulators to be disclosed

Applicable Inapplicable

Explanation of the changes in the sum of the shares and the structure of the shareholders and the structure of the assets as well as the liabilities of the Company

Applicable Inapplicable

II. Number of shareholders and shareholding

Unit: Share

Total number of common shareholders at the end of the reporting period			55,484	Total number of preferred shareholders that had restored the voting right at the end of the reporting period (if any) (note 8)			0	
Shareholding of common shareholders holding more than 5% shares or the top 10 of common shareholders								
Name of shareholder	Nature of shareholder	Holding percentage (%)	Number of shareholding at the end of the reporting period	Increase and decrease of shares during reporting period	Number of shares held subject to trading moratorium	Number of shares held not subject to trading moratorium	Pledged or frozen shares	
							Status of shares	Number of shares
Sanonda Group Corporation	State-owned legal person	20.15%	119,687,202	0	0	119,687,202		
ADAMA Celsius B.V.	Foreign legal person	10.60%	62,950,659	0	0	62,950,659		
Wang Wenxue	Domestic natural	1.98%	11,755,020	11,755,020	0	11,755,020		

	person							
Chen Lichun	Domestic natural person	1.69%	10,034,055	10,034,055	0	10,034,055		
State-owned Assets Administration Bureau of Qichun County	Nation	0.70%	4,169,266	0	0	4,169,266		
Jiang Jian	Domestic natural person	0.61%	3,595,123	3,595,123	0	3,595,123		
NORGES Bank	Foreign legal person	0.44%	2,634,504	0	0	2,634,504		
ICBC - Lion Flexible Configuration of Hybrid Securities Investment Funds	Other	0.43%	2,576,747	2576747	0	2,576,747		
ICBC - Lion Medium-and-small-cap Selected Stock Securities Investment Fund	Other	0.40%	2,362,484	2362484	0	2,362,484		
ICBC - JT Tianfu Reform New Power Flexible Configuration of Hybrid Securities Investment Funds	Other	0.36%	2,160,078	2160078	0	2,160,078		
Strategic investors or the general legal person due to the placement of new shares become the top 10 shareholders (if any) (note 3)	Inapplicable							
Explanation on associated relationship or/and persons	Sanonda Group Corporation 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.							
Particulars about shares held by top 10 common shareholders not subject to trading moratorium								
Name of shareholder	Number of shares held not subject to trading moratorium at the end of the period					Type of share		
						Type of share	Number	

Sanonda Group Corporation	119,687,202	RMB ordinary share	119,687,202
ADAMA Celsius B.V.	62,950,659	Domestically listed foreign share	62,950,659
Wang Wenxue	11,755,020	RMB ordinary share	11,755,020
Chen Lichun	10,034,055	RMB ordinary share	10,034,055
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
NORGES Bank	2,634,504	Domestically listed foreign share	2,634,504
ICBC - Lion Flexible Configuration of Hybrid Securities Investment Funds	2,576,747	RMB ordinary share	2,576,747
ICBC - Lion Medium-and-small-cap Selected Stock Securities Investment Fund	2,362,484	RMB ordinary share	2,362,484
ICBC - JT Tianfu Reform New Power Flexible Configuration of Hybrid Securities Investment Funds	2,160,078	RMB ordinary share	2,160,078
Explanation on associated relationship among the top ten shareholders of tradable share not subject to trading moratorium, as well as among the top ten shareholders of tradable share not subject to trading moratorium and top ten shareholders, or explanation on acting-in-concert	STATE-OWNED ASSETS ADMINISTRATION BUREAU OF QICHUN COUNTY held the shares of the Company on behalf of the country. Sanonda Group Corporation 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.		
Particular about shareholder participate in the securities lending and borrowing business (if any) (note 4)	<p>1. Shareholder Wang Wenxue held 11,608,047 shares of the Company through a credit collateral securities trading account and held 146,973 shares of the Company through a common securities account, who thus held 11,755,020 shares of the Company in total.</p> <p>2. Shareholder Chen Lichun held 9,552,833 shares of the Company through a credit collateral securities trading account and held 481,222 shares of the Company through a common securities account, who thus held 10,034,055 shares of the Company in total.</p> <p>3. 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.</p>		

Did any top 10 common shareholders or the top 10 common shareholders not subject to trading moratorium of the Company carry out an agreed buy-back in the reporting period?

Yes No

The top 10 common shareholders or the top 10 common shareholders not subject to trading moratorium of the Company had not carried out any agreed buy-back in the reporting period.

III. Change of the controlling shareholder or the actual controller

Change of the controlling shareholder in the reporting period

Applicable Inapplicable

There was no any change of the controlling shareholder of the Company in the reporting period.

Change of the actual controller in the reporting period

Applicable Inapplicable

There was no any change of the actual controller of the Company in the reporting period.

IV. Particulars on shareholding increase scheme during the reporting period proposed or implemented by the shareholders and act-in-concert persons

Applicable Inapplicable

Within the scope known to the Company, there was no any shareholding increase scheme during the reporting period proposed or implemented by the shareholders and act-in-concert persons.

Section VII. Situation of the Preferred Shares

Applicable Inapplicable

There was no any preferred share of the Company during the reporting period.

Section VIII. Directors, Supervisors, Senior Management Staffs

I. Changes in shareholding of directors, supervisors and senior management staffs

Applicable Inapplicable

There was no change in shareholding of directors, supervisors and senior management staffs, for the specific information please refer to the 2014 Annual Report.

II. Changes in directors, supervisors and senior management staffs

Applicable Inapplicable

Name	Position	Type	Date	Reason
An Liru	Chairman of the Board	Elected	29 Apr. 2015	Elected from the general election
Guo Hui	Director	Elected	29 Apr. 2015	Elected from the general election
She Zhili	Director	Elected	29 Apr. 2015	Elected from the general election
Shiri Ailon	Director	Elected	29 Apr. 2015	Elected from the general election
Li Zuorong	Chairman of the Board	Left	29 Apr. 2015	Retired
Liu Anping	Director	Left	29 Apr. 2015	Career moved
He Xuesong	Director	Left	29 Apr. 2015	Career moved
Yin Hong	Director	Left	29 Apr. 2015	Career moved
Xie Chengli	Director	Left	29 Apr. 2015	Career moved
Dong Chunji	Employee Supervisor	Elected	29 Apr. 2015	Elected from the workers' conference
Xu Yan	Supervisor	Elected	29 Apr. 2015	Elected from the general election
Zhou Cheng	Supervisor	Left	29 Apr. 2015	Voluntary turnover
Liu Jun	Supervisor	Left	29 Apr. 2015	Career moved
He Xuesong	CFO	Left as the term expired	29 Apr. 2015	Career moved
Liu Jianhua	General Manager Assistant	Left as the term expired	29 Apr. 2015	Career moved

IX. Financial Report

I. Audit report

Has this semi-annual report been audited?

Yes No

The semi-annual financial report has not been audited.

II. Financial statements

Currency unit for the statements in the notes to these financial statements: RMB Yuan

1. Consolidated balance sheet

Prepared by Hubei Sanonda Co., Ltd.

30 Jun. 2015

Unit: RMB Yuan

Item	Closing balance	Opening balance
Current Assets:		
Monetary funds	433,847,092.10	423,347,736.46
Settlement reserves		
Intra-group lendings		
Financial assets measured by fair value with the changes be included in the current gains and losses		
Derivative financial assets		
Notes receivable	34,739,079.89	2,874,466.50
Accounts receivable	365,842,348.25	195,635,912.75
Accounts paid in advance	46,174,400.15	19,444,766.16
Premiums receivable		
Reinsurance premiums receivable		
Receivable reinsurance contract reserves		
Interest receivable		
Dividend receivable		
Other accounts receivable	4,055,119.19	19,679,596.65
Financial assets purchased under		

agreements to resell		
Inventories	343,639,531.45	330,541,606.05
Assets divided available for sale		
Non-current assets due within 1 year		
Other current assets		
Total current assets	1,228,297,571.03	991,524,084.57
Non-current assets:		
Loans by mandate and advances granted		
Available-for-sale financial assets	9,153,782.63	9,153,782.63
Held-to-maturity investments		
Long-term accounts receivable		
Long-term equity investment		
Investing property	5,205,616.40	5,363,928.28
Fixed assets	1,747,451,806.80	1,248,826,394.76
Construction in progress	71,502,892.50	423,857,021.70
Engineering materials	521,987.42	88,970,010.63
Disposal of fixed assets		
Production biological assets		
Oil-gas assets		
Intangible assets	137,783,409.04	140,020,897.12
R&D expense		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	14,600,617.66	13,199,137.78
Other non-current assets	18,384,400.00	13,384,400.00
Total of non-current assets	2,004,604,512.45	1,942,775,572.90
Total assets	3,232,902,083.48	2,934,299,657.47
Current liabilities:		
Short-term borrowings	258,340,800.00	75,000,000.00
Borrowings from Central Bank		
Customer bank deposits and due to banks and other financial institutions		
Intra-group borrowings		
Financial liabilities measured by fair		

value with the changes be included in the current gains and losses		
Derivative financial liabilities		
Notes payable	50,000,000.00	15,000,000.00
Accounts payable	212,321,573.07	216,786,274.77
Accounts received in advance	22,731,016.07	34,830,464.65
Financial assets sold for repurchase		
Handling charges and commissions payable		
Employee's compensation payable	17,316,313.65	25,740,973.02
Tax payable	40,714,242.40	72,051,904.29
Interest payable		
Dividend payable	250,000.00	250,000.00
Other accounts payable	31,311,573.53	31,749,791.93
Reinsurance premiums payable		
Insurance contract reserves		
Payables for acting trading of securities		
Payables for acting underwriting of securities		
Liabilities divided available for sale		
Non-current liabilities due within 1 year	43,500,000.00	500,000.00
Other current liabilities		
Total current liabilities	676,485,518.72	471,909,408.66
Non-current liabilities:		
Long-term borrowings	464,090,000.00	431,590,000.00
Bonds payable		
Of which: preferred shares		
Perpetual capital securities		
Long-term payables	650,000.00	650,000.00
Long-term payroll payables		
Specific payables		
Estimated liabilities		
Deferred income	20,830,370.38	22,754,814.82

Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	485,570,370.38	454,994,814.82
Total liabilities	1,162,055,889.10	926,904,223.48
Owners' equity		
Share capital	593,923,220.00	593,923,220.00
Other equity instruments		
Of which: preferred shares		
Perpetual capital securities		
Capital reserves	263,184,043.66	263,184,043.66
Less: Treasury stock		
Other comprehensive income		
Specific reserves	20,623,833.84	15,425,099.43
Surplus reserves	178,048,385.86	178,048,385.86
Provisions for general risks		
Retained profits	1,015,336,255.24	957,050,401.65
Total equity attributable to owners of the Company	2,071,115,738.60	2,007,631,150.60
Minority interests	-269,544.22	-235,716.61
Total owners' equity	2,070,846,194.38	2,007,395,433.99
Total liabilities and owners' equity	3,232,902,083.48	2,934,299,657.47

Legal representative: An Liru

Person-in-charge of the accounting work: Liu Anping

Chief of the accounting division: Tu Zhiwen

2. Balance sheet of the Company

Unit: RMB Yuan

Item	Closing balance	Opening balance
Current Assets:		
Monetary funds	398,581,640.83	349,250,284.42
Financial assets measured by fair value with the changes be included in the current gains and losses		
Derivative financial assets		
Notes receivable	34,639,079.89	2,874,466.50

Accounts receivable	536,047,038.83	360,573,034.99
Accounts paid in advance	42,934,054.82	18,069,109.19
Interest receivable		
Dividend receivable		
Other accounts receivable	2,154,581.97	76,252,385.90
Inventories	336,142,067.82	319,798,378.74
Assets divided available for sale		
Non-current assets due within 1 year		
Other current assets		
Total current assets	1,350,498,464.16	1,126,817,659.74
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 investment	55,526,635.41	55,526,635.41
Investing property	5,205,616.40	5,363,928.28
Fixed assets	1,599,104,774.22	1,091,620,961.82
Construction in progress	70,916,884.00	423,857,021.70
Engineering materials	521,987.42	88,970,010.63
Disposal of fixed assets		
Production biological assets		
Oil-gas assets		
Intangible assets	125,838,787.77	127,725,897.93
R&D expense		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	10,732,238.64	10,510,039.23
Other non-current assets	18,384,400.00	13,384,400.00
Total of non-current assets	1,895,385,106.49	1,826,112,677.63
Total assets	3,245,883,570.65	2,952,930,337.37
Current liabilities:		
Short-term borrowings	240,000,000.00	75,000,000.00
Financial liabilities measured by fair value with the changes be included in the current gains and losses		

Derivative financial liabilities		
Notes payable	50,000,000.00	15,000,000.00
Accounts payable	205,218,371.63	210,008,050.11
Accounts received in advance	16,137,104.49	22,676,046.39
Employee's compensation payable	17,294,399.03	22,596,483.36
Tax payable	53,987,024.16	85,567,106.10
Interest payable		
Dividend payable	250,000.00	250,000.00
Other accounts payable	29,979,180.51	30,090,888.88
Liabilities divided available for sale		
Non-current liabilities due within 1 year	43,500,000.00	500,000.00
Other current liabilities		
Total current liabilities	656,366,079.82	461,688,574.84
Non-current liabilities:		
Long-term borrowings	464,090,000.00	431,590,000.00
Bonds payable		
Of which: preferred shares		
Perpetual capital securities		
Long-term payables	650,000.00	650,000.00
Long-term payroll payables		
Specific payables		
Estimated liabilities		
Deferred income	13,455,370.37	14,888,148.15
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	478,195,370.37	447,128,148.15
Total liabilities	1,134,561,450.19	908,816,722.99
Owners' equity:		
Share capital	593,923,220.00	593,923,220.00
Other equity instruments		
Of which: preferred shares		
Perpetual capital securities		
Capital reserves	263,799,837.18	263,799,837.18

Less: Treasury stock		
Other comprehensive income		
Specific reserves	15,654,721.53	10,455,987.12
Surplus reserves	178,048,385.86	178,048,385.86
Retained profits	1,059,895,955.89	997,886,184.22
Total owners' equity	2,111,322,120.46	2,044,113,614.38
Total liabilities and owners' equity	3,245,883,570.65	2,952,930,337.37

3. Consolidated income statement

Unit: RMB Yuan

Item	Jan.-Jun. 2015	Jan.-Jun 2014
I. Total operating revenues	1,235,251,682.81	1,700,281,424.68
Including: Sales income	1,235,251,682.81	1,700,281,424.68
Interest income		
Premium income		
Handling charge and commission income		
II. Total operating cost	1,077,630,542.79	1,308,246,932.27
Including: Cost of sales	941,767,629.71	1,176,489,773.88
Interest expenses		
Handling charge and commission expenses		
Surrenders		
Net claims paid		
Net amount withdrawn for the insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium		
Taxes and associate charges	8,887,120.84	3,621,233.43
Selling and distribution expenses	36,541,875.51	43,196,541.82
Administrative expenses	48,923,908.29	56,494,485.42
Financial expenses	13,893,016.49	17,251,932.88
Asset impairment loss	27,616,991.95	11,192,964.84
Add: Gain/(loss) from change in fair value ("-" means loss)		

Gain/(loss) from investment (“-” means loss)		
Including: share of profits in associates and joint ventures		
Foreign exchange gains (“-” means loss)		
III. Business profit (“-” means loss)	157,621,140.02	392,034,492.41
Add: non-operating income	2,937,379.44	1,448,403.98
Of which: gains from non-current asset disposal		12,201.92
Less: non-operating expense	14,810.07	278,888.58
Of which: losses from non-current asset disposal	7,689.72	
IV. Total profit (“-” means loss)	160,543,709.39	393,204,007.81
Less: Income tax expense	42,899,361.41	104,989,467.59
V. Net profit (“-” means loss)	117,644,347.98	288,214,540.22
Attributable to owners of the Company	117,678,175.59	288,406,597.13
Minority shareholders’ income	-33,827.61	-192,056.91
VI. After-tax net amount of other comprehensive incomes		
After-tax net amount of other comprehensive incomes attributable to owners of the Company		
(I) Other comprehensive incomes that will not be reclassified into gains and losses		
1. Changes in net liabilities or assets with a defined benefit plan upon re-measurement		
2. Enjoyable shares in other comprehensive incomes in investees that cannot be reclassified into gains and losses under the equity method		
(II) Other comprehensive incomes that will be reclassified into gains and losses		
1. Enjoyable shares in other comprehensive incomes in investees that will be reclassified into gains and losses		

under the equity method		
2. Gains and losses on fair value changes of available-for-sale financial assets		
3. Gains and losses on reclassifying held-to-maturity investments into available-for-sale financial assets		
4. Effective hedging gains and losses on cash flows		
5. Foreign-currency financial statement translation difference		
6. Other		
After-tax net amount of other comprehensive incomes attributable to minority shareholders		
VII. Total comprehensive incomes	117,644,347.98	288,214,540.22
Attributable to owners of the Company	117,678,175.59	288,406,597.13
Attributable to minority shareholders	-33,827.61	-192,056.91
VIII. Earnings per share		
(I) Basic earnings per share	0.1981	0.4856
(II) Diluted earnings per share	0.1981	0.4856

For the business combination under the same control of the current period, the net profits realized before the combination of the combined party were of RMB 000 and the net profits realized of the combined party of the last period were of RMB 000.

Legal representative: An Liru

Person-in-charge of the accounting work: Liu Anping

Chief of the accounting division: Tu Zhiwen

4. Income statement of the Company

Unit: RMB Yuan

Item	Jan.-Jun. 2015	Jan.-Jun 2014
I. Total sales	1,259,980,812.07	1,686,765,886.62
Less: cost of sales	971,392,111.37	1,171,797,949.08
Business taxes and surcharges	8,814,691.54	3,511,152.06
Distribution expenses	35,037,747.08	40,996,690.93

Administrative expenses	45,633,925.73	43,148,607.10
Financial costs	14,472,806.78	17,142,695.47
Impairment loss	22,368,460.63	3,070,529.98
Add: gain/(loss) from change in fair value (“-” means loss)		
Gain/(loss) from investment (“-” means loss)		
Of which: income from investment on associates and joint ventures		
II. Business profit (“-” means loss)	162,261,068.94	407,098,262.00
Add: non-business income	2,445,712.78	1,447,139.50
Of which: gains from non-current asset disposal		10,937.44
Less: non-business expense	14,810.07	242,608.58
Of which: losses from non-current asset disposal	7,689.72	
III. Total profit (“-” means loss)	164,691,971.65	408,302,792.92
Less: income tax expense	43,289,877.98	103,344,059.78
IV. Net profit (“-” means loss)	121,402,093.67	304,958,733.14
V. After-tax net amount of other comprehensive incomes		
(I) Other comprehensive incomes that will not be reclassified into gains and losses		
1. Changes in net liabilities or assets with a defined benefit plan upon re-measurement		
2. Enjoyable shares in other comprehensive incomes in investees that cannot be reclassified into gains and losses under the equity method		
(II) Other comprehensive incomes that will be reclassified into gains and losses		
1. Enjoyable shares in other comprehensive incomes in investees that will be reclassified into gains and losses under the equity method		

2. Gains and losses on fair value changes of available-for-sale financial assets		
3. Gains and losses on reclassifying held-to-maturity investments into available-for-sale financial assets		
4. Effective hedging gains and losses on cash flows		
5. Foreign-currency financial statement translation difference		
6. Other		
VI. Total comprehensive incomes	121,402,093.67	304,958,733.14
VII. Earnings per share		
(I) Basic earnings per share		
(II) Diluted earnings per share		

5. Consolidated cash flow statement

Unit: RMB Yuan

Item	Jan.-Jun. 2015	Jan.-Jun 2014
I. Cash flows from operating activities:		
Cash received from sale of commodities and rendering of service	869,451,160.69	1,367,459,203.26
Net increase of deposits from customers and dues from banks		
Net increase of loans from the central bank		
Net increase of funds borrowed from other financial institutions		
Cash received from premium of original insurance contracts		
Net cash received from reinsurance business		
Net increase of deposits of policy holders and investment fund		
Net increase of dispose of the financial assets measured by fair value with the changes be included in the		

current gains and losses		
Cash received from interest, handling charges and commissions		
Net increase of intra-group borrowings		
Net increase of funds in repurchase business		
Tax refunds received	32,330,521.58	4,383,350.82
Other cash received relating to operating activities	10,268,808.84	13,954,739.31
Subtotal of cash inflows from operating activities	912,050,491.11	1,385,797,293.39
Cash paid for goods and services	673,264,052.99	779,581,645.64
Net increase of customer lendings and advances		
Net increase of funds deposited in the central bank and amount due from banks		
Cash for paying claims of the original insurance contracts		
Cash for paying interest, handling charges and commissions		
Cash for paying policy dividends		
Cash paid to and for employees	114,545,148.43	97,626,590.15
Various taxes paid	110,521,878.34	92,259,070.25
Other cash payment relating to operating activities	32,996,160.73	42,219,221.60
Subtotal of cash outflows from operating activities	931,327,240.49	1,011,686,527.64
Net cash flows from operating activities	-19,276,749.38	374,110,765.75
II. Cash flows from investing activities:		
Cash received from withdrawal of investments		
Cash received from return on investments		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1,350.00

Net cash received from disposal of subsidiaries or other business units		
Other cash received relating to investing activities		
Subtotal of cash inflows from investing activities		1,350.00
Cash paid to acquire fixed assets, intangible assets and other long-term assets	152,808,985.39	239,347,876.88
Cash paid for investment		
Net increase of pledged loans		
Net cash paid to acquire subsidiaries and other business units		
Other cash payments relating to investing activities		
Subtotal of cash outflows from investing activities	152,808,985.39	239,347,876.88
Net cash flows from investing activities	-152,808,985.39	-239,346,526.88
III. Cash Flows from Financing Activities:		
Cash received from capital contributions		
Including: Cash received from minority shareholder investments by subsidiaries		
Cash received from borrowings	309,340,800.00	444,659,359.80
Cash received from issuance of bonds		
Other cash received relating to financing activities		
Subtotal of cash inflows from financing activities	309,340,800.00	444,659,359.80
Repayment of borrowings	50,500,000.00	452,779,565.35
Cash paid for interest expenses and distribution of dividends or profit	76,293,126.69	58,781,937.07
Including: dividends or profit paid by subsidiaries to minority shareholders		
Other cash payments relating to	1,500,000.00	22,570,000.00

financing activities		
Sub-total of cash outflows from financing activities	128,293,126.69	534,131,502.42
Net cash flows from financing activities	181,047,673.31	-89,472,142.62
IV. Effect of foreign exchange rate changes on cash and cash equivalents	37,417.10	549,954.59
V. Net increase in cash and cash equivalents	8,999,355.64	45,842,050.84
Add: Opening balance of cash and cash equivalents	418,847,736.46	410,065,921.21
VI. Closing balance of cash and cash equivalents	427,847,092.10	455,907,972.05

6. Cash flow statement of the Company

Unit: RMB Yuan

Item	Jan.-Jun. 2015	Jan.-Jun 2014
I. Cash flows from operating activities:		
Cash received from sale of commodities and rendering of service	846,655,883.96	1,236,735,248.79
Tax refunds received	16,386,842.52	1,101,773.34
Other cash received relating to operating activities	10,191,599.35	14,217,450.41
Subtotal of cash inflows from operating activities	873,234,325.83	1,252,054,472.54
Cash paid for goods and services	592,571,978.73	760,954,770.21
Cash paid to and for employees	105,873,091.71	91,179,664.45
Various taxes paid	107,107,308.86	90,688,019.32
Other cash payment relating to operating activities	29,470,327.61	24,514,521.76
Subtotal of cash outflows from operating activities	835,022,706.91	967,336,975.74
Net cash flows from operating activities	38,211,618.92	284,717,496.80
II. Cash flows from investing activities:		
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		1,350.00
Net cash received from disposal of subsidiaries or other business units		
Other cash received relating to investing activities		
Subtotal of cash inflows from investing activities		1,350.00
Cash paid to acquire fixed assets, intangible assets and other long-term assets	152,808,985.39	236,414,585.88
Cash paid for investment		
Net cash paid to acquire subsidiaries and other business units		
Other cash payments relating to investing activities		
Subtotal of cash outflows from investing activities	152,808,985.39	236,414,585.88
Net cash flows from investing activities	-152,808,985.39	-236,413,235.88
III. Cash Flows from Financing Activities:		
Cash received from capital contributions		
Cash received from borrowings	291,000,000.00	376,000,000.00
Cash received from issuance of bonds		
Other cash received relating to financing activities		
Subtotal of cash inflows from financing activities	291,000,000.00	376,000,000.00
Repayment of borrowings	50,500,000.00	307,900,000.00
Cash paid for interest expenses and distribution of dividends or profit	76,293,126.69	56,747,327.28
Other cash payments relating to financing activities	1,500,000.00	22,570,000.00
Sub-total of cash outflows from financing activities	128,293,126.69	387,217,327.28

Net cash flows from financing activities	162,706,873.31	-11,217,327.28
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-278,150.43	-123,449.17
V. Net increase in cash and cash equivalents	47,831,356.41	36,963,484.47
Add: Opening balance of cash and cash equivalents	344,750,284.42	325,849,120.35
VI. Closing balance of cash and cash equivalents	392,581,640.83	362,812,604.82

7. Consolidated Statement of Changes in Owners' Equity

Jan.-Jun. 2015

Unit: RMB Yuan

Item	Jan.-Jun. 2015												
	Equity attributable to owners of the Company											Minority interests	Total owners' equity
	Share capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Specific reserve	Surplus reserve	General risk reserve	Retained profit		
		Preferred shares	Perpetual capital securities	Other									
I. Balance at the end of the previous year	593,923,220.00				263,184,043.66			15,425,099.43	178,048,385.86		957,050,401.65	-235,716.61	2,007,395,433.99
Add: change of accounting policy													
Correction of errors in previous periods													
Business combination under the same control													
Other													
II. Balance at the period-begin	593,923,220.00				263,184,043.66			15,425,099.43	178,048,385.86		957,050,401.65	-235,716.61	2,007,395,433.99

capital) from capital public reserves														
2. New increase of capital (or share capital) from surplus reserves														
3. Surplus reserves for making up losses														
4. Other														
(V) Specific reserve								5,198,734.41						5,198,734.41
1. Withdrawn for the period								5,396,847.50						5,396,847.50
2. Used in the period								198,113.09						198,113.09
(VI) Other														
IV. Closing balance	593,923,220.00				263,184,043.66			20,623,833.84	178,048,385.86			1,015,336,255.24	-269,544.22	2,070,846,194.38

Jan.-Jun. 2014

Unit: RMB Yuan

Item	Jan.-Jun. 2014													
	Equity attributable to owners of the Company											Minority interests	Total owners' equity	
	Share capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Specific reserve	Surplus reserve	General risk reserve	Retained profit			
	Preferred shares	Perpetual capital securities	Other											
I. Balance at the end of the previous year	593,923,220.00				263,184,043.66			16,059,288.71	126,334,248.31			546,688,770.98	252,359.38	1,546,441,931.04
Add: change of accounting policy														
Correction of														

errors in previous periods													
Business combination under the same control													
Other													
II. Balance at the period-begin	593,923,220.00				263,184,043.66			16,059,288.71	126,334,248.31		546,688,770.98	252,359.38	1,546,441,931.04
III. Increase/decrease in the period (“-” means decrease)								4,432,787.46			258,710,436.13	-192,056.91	262,951,166.68
(I) Total amount of the comprehensive income											288,406,597.13	-192,056.91	288,214,540.22
(II) Capital paid in and reduced by owners													
1. Common shares invested by the shareholders													
2. Capital invested by the owners of other equity instruments													
3. Amounts of share-based payments recognized in owners' equity													
4. Others													
(III) Profit distribution											-29,696,161.00		-29,696,161.00
1. Appropriations to surplus reserves													
2. Appropriations to general risk provisions													

			securiti es								
I. Balance at the end of the previous year	593,923,220.00				263,799,837.18			10,455,987.12	178,048,385.86	997,886,184.22	2,044,113,614.38
Add: change of accounting policy											
Correction of errors in previous periods											
Other											
II. Balance at the period-begin	593,923,220.00				263,799,837.18			10,455,987.12	178,048,385.86	997,886,184.22	2,044,113,614.38
III. Increase/decrease in the period (“-” means decrease)											
(I) Total amount of the comprehensive income										121,402,093.67	121,402,093.67
(II) Capital paid in and reduced by owners											
1. Common shares invested by the shareholders											
2. Capital invested by the owners of other equity instruments											
3. Amounts of share-based payments recognized in owners' equity											
4. Others											
(III) Profit distribution										-59,392,322.00	-59,392,322.00
1. Appropriations											

to surplus reserves											
2. Appropriations to general risk provisions										-59,392,322.00	-59,392,322.00
3. Appropriations to owners (or shareholders)											
4. Other											
(IV) Internal carry-forward of owners' equity											
1. New increase of capital (or share capital) from capital public reserves											
2. New increase of capital (or share capital) from surplus reserves											
3. Surplus reserves for making up losses											
4. Other								5,198,734.41			5,198,734.41
(V) Specific reserve								5,396,847.50			5,396,847.50
1. Withdrawn for the period								198,113.09			198,113.09
2. Used in the period											
(VI) Other	593,923,220.00				263,799,837.18		15,654,721.53	178,048,385.86	1,059,895,955.89		2,111,322,120.46

Jan.-Jun. 2014

Unit: RMB Yuan

Item	Jan.-Jun. 2014										
	Share capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive	Specific reserve	Surplus reserve	Retained profit	Total owners' equity
		Preferre	Perpetu	Other							

		d shares	al capital securiti es				income				
I. Balance at the end of the previous year	593,923,220.00				263,799,837.18		11,090,176.40	126,334,248.31	562,155,107.30	1,557,302,589.19	
Add: change of accounting policy											
Correction of errors in previous periods											
Other											
II. Balance at the period-begin	593,923,220.00				263,799,837.18		11,090,176.40	126,334,248.31	562,155,107.30	1,557,302,589.19	
III. Increase/decrease in the period (“-” means decrease)							4,432,787.46		275,262,572.14	279,695,359.60	
(I) Total amount of the comprehensive income									304,958,733.14	304,958,733.14	
(II) Capital paid in and reduced by owners											
1. Common shares invested by the shareholders											
2. Capital invested by the owners of other equity instruments											
3. Amounts of share-based payments recognized in owners' equity											
4. Others											
(III) Profit										-29,696,1	-29,696,1

distribution										161.00	61.00		
1. Appropriations to surplus reserves													
2. Appropriations to general risk provisions										-29,696,161.00	-29,696,161.00		
3. Appropriations to owners (or shareholders)													
4. Other													
(IV) Internal carry-forward of owners' equity													
1. New increase of capital (or share capital) from capital public reserves													
2. New increase of capital (or share capital) from surplus reserves													
3. Surplus reserves for making up losses													
4. Other										4,432,787.46	4,432,787.46		
(V) Specific reserve										5,531,203.68	5,531,203.68		
1. Withdrawn for the period										1,098,416.22	1,098,416.22		
2. Used in the period													
(VI) Other	593,923,220.00				263,799,837.18					15,522,963.86	126,334,248.31	837,417,679.44	1,836,997,948.79

III. Company profile

Hubei Sanonda Co., Ltd. (hereinafter referred to as "Company" or "the Company") is formerly known as Hubei Sha City Pesticides Factory, a state-run enterprise set up in 1958. As approved by the Hubei Commission for Economic System Reformation and other authorities, Hubei Sha City Pesticides Factory was reorganized as Hubei Sanonda Co., Ltd., which marked Hubei's first large state-run industrial enterprise to adopt the stock system. On 8 Sept. 1992, upon the said reorganization, the Company was formally established. Later, as approved by the People's Government of Hubei Province and the China Securities Regulatory Commission

(“CSRC”), the Company issued 30,000,000 RMB-denominated ordinary shares (“A shares”) to the public in Nov. 1993. And the total share capital of the Company was 104,933,900 shares after the public offering. The Sha City Bureau for State-owned Assets Supervision and Administration is the first majority shareholder of the Company, with a capital contribution of RMB 57,467,900, accounting for 54.77% of the Company’s total share capital. On 3 Dec. 1993, shares of the Company were listed in the Shenzhen Stock Exchange.

In Apr. 1994, a dividend distribution plan was reviewed and approved at the 1993 Annual Shareholders’ General Meeting. RMB 2.00 was distributed in cash for every 10 shares held by the state and two bonus shares for every 10 shares held by individuals. The bonus shares were listed in 3 May 1994. And the Company’s total share capital rose to 113,988,000 shares after distribution of the said bonus shares, with shares held by the first majority shareholder accounting for 50.42% of the Company’s total shares.

In 1994, Jingzhou City and Sha City were combined and renamed as “Jingsha City”, Jiangling County as “Jiangling District of Jingsha City”, and the Sha City Bureau for State-owned Assets Supervision and Administration and the Jiangling County Bureau for State-owned Assets Supervision and Administration (originally two shareholders of the Company) as “the Jingsha City Bureau for State-owned Assets Supervision and Administration”. As such, the 50.42% and 1.93% equity interests of the Company formerly held by the Sha City Bureau for State-owned Assets Supervision and Administration and the Jiangling County Bureau for State-owned Assets Supervision and Administration respectively were transferred to the Jingsha City Bureau for State-owned Assets Supervision and Administration, which held 52.35% of the Company’s total shares.

On 9 Aug. 1995, as approved at the Company’s 1994 Annual Shareholders’ General Meeting, the Jingsha City Bureau for State-owned Assets Supervision and Administration transferred 3,002,700 shares it held in the Company (2.14% of the Company’s total shares) to the Qichun County Bureau for State-owned Assets Supervision and Administration. After the said transfer, the Jingsha City Bureau for State-owned Assets Supervision and Administration (the Company’s first majority shareholder) held 50.21% of the Company’s total shares.

In Jul. 1995, the Company held the 1994 Annual Shareholders’ General Meeting, at which a share allotment plan (three shares being allotted for every ten shares) was reviewed and approved. After the said share allotment, the Company’s total number of shares rose to 139,970,500, with the Jingsha City Bureau for State-owned Assets Supervision and Administration holding 44.66%.

In Nov. 1996, as approved by the “Document Zheng-Jian-Shang-Zi [1996] No.13” issued by CSRC, the Company carried out the share allotment plan (three shares being allotted for every ten shares) for the year 1996. A total of 41,991,100 shares of the Company were allotted, of which 19,552,900 shares were allotted for state-held shares and 22,438,200 shares for individual-held shares. After the said share allotment, the Company’s total number of shares rose to 181,969,600. And the shareholding ratio of every shareholder remained unchanged after the allotment.

In 1996, pursuant to the “E-Zheng-Ban-Han [1995] No.92 Reply of People’s Government of Hubei Province on Authorizing Sanonda Group to Operate State-owned Assets”, in order to safeguard the state-owned shares of the Company held by it, the Jingsha City Bureau for State-owned Assets Supervision and Administration incorporated Sanonda Group and transferred the Company’s equity interests it held to Sanonda Group. As such, Sanonda Group became the Company’s first majority shareholder, holding 44.66% of the Company’s total shares.

From 29 Apr. to 5 May 1997, as approved by the “Zheng-Fa (1997) No.23 Document” issued by the Securities Commission under the State Council, the Company issued 0.1 billion domestically-listed foreign shares (B shares) of RMB 1.00 par value, which were listed in the Shenzhen Stock Exchange for trading on 15 May 1997. And the Company exercised the over-allotment options of 1.5 million shares from 15 May to 21 May in the same year. After issuance of the said B shares, the Company’s total number of shares rose to 296,961,600 shares, and the shareholding ratio of Sanonda Group-the Company’s first majority shareholder-was changed to 27.52%.

On 20 May 2005, the Jingzhou City Bureau for State-owned Assets Supervision and Administration and China National Agrochemical Corporation (a wholly-owned subsidiary under China National Chemical Corporation) signed the “Agreement on Transferring Assets of Sanonda Group”. The State-Owned Assets Supervision and Administration Commission of the People’s Government of Hubei Province issued the “E-Guo-Zi-Chan-Quan [2005] No.177 Reply on Transferring State-owned Assets of Sanonda Group with Compensation”. As a result, the People’s Government of Jingzhou City was approved to transfer all state-owned assets of Sanonda Group to China National Agrochemical Corporation with compensation, with the transfer base date on 31 Dec. 2004. After the said transfer, Sanonda Group became a wholly-owned subsidiary under China National Agrochemical Corporation.

In 2006, pursuant to the “Guo-Zi-Chan-Quan [2006] No.767 Reply of State-owned Assets Supervision and Administration Commission under the State Council on Affairs Related to Share Reform of Hubei Sanonda Co., Ltd.”, the “Share Reform Plan of Hubei Sanonda Co., Ltd.” was reviewed and approved at the shareholders’ general meeting held on 8 Jul. 2006. And the share reform was completed in Aug. 2006. With the base of 296,961,600 tradable shares, 2.2 shares were paid to tradable A-share holders by non-tradable share holders as consideration for every 10 tradable A-shares, with the total number of shares paid by non-tradable share holders to tradable share holders reaching 21,391,100,000 shares. After the share reform, the total number of the Company’s shares remained unchanged, of which Sanonda Group held 61093,600 shares, accounting for 20.57% of the Company’s total shares.

In Nov. 2006 and Mar. 2007, due to a dispute case concerning the provision of a loan guarantee by the Company’s first majority shareholder-Sanonda Group-for an other company, 1.25 million and 0.40 million state-owned corporate shares of the Company held by Sanonda Group were forcibly transferred and auctioned by the court. After the auctions, shares of the Company held by Sanonda Group were reduced to 59,443,600 shares, accounting for 20.02% of the Company’s total shares.

In May 2007, the Company held the 2006 Annual Shareholders’ General Meeting, at which the plan for turning capital reserve to

share capital was reviewed and approved. As a result, 10 shares were increased for every 10 shares held by all shareholders in Jul. 2007. After the increase, the Company's total number of shares rose to 593,923,200 shares. The first majority shareholder-Sanonda Group-held 118,887,200 shares, which accounting for 20.02% of the Company's total shares. And for the period up to 30 Jun. 2012, the share capital of the Company remained unchanged.

On 16 Nov. 2012, Sanonda Group Co., Ltd. acquired 800,000 shares of the Company held by the to-be-cancelled subsidiary-Jingzhou Sanonda Advertising Co., Ltd. through the block trading market, then it held a total of 119,687,200 shares of the Company, accounting for 20.15% of the Company's total share capital, and up to 31 Dec. 2013, the share capital of the Company remained unchanged. On 8 Apr. 2014, Sanonda Group renamed as Jingzhou Sanonda Shareholding Co., Ltd.

As at the balance sheet date, Legal representative of the Company: An Liru; business license registration number 420000400004491; registered address: No.93, Beijing East Road, Jingzhou, Hubei Province, PRC; Stock abbreviation: Sanonda A/ Sanonda B; and Stock code: 000553/ 200553.

The main pesticide products of the Company are triazophos, methomyl, paraquate, DDVP, orthene, glyphosate, trichlorphon, imidacloprid; chemical products such as liquid caustic soda, ionic membrane caustic soda, spermine, pmida, pyridine, trimethyl and hydrochloric acid. The Company has the rights of handling import and export business. And the Company has passed ISO9002 Quality System Certification and ISO14001 Environment Management System Certification.

The parent company of the Company is Jingzhou Sanonda Holdings Co., Ltd. and the ultimate control party is China National Chemical Corporation.

The financial statements for the six months ended 30 Jun. 2015 have been authorized for issue by a resolution made by the Board of Directors of the Company on 5 Aug. 2015.

The scope of the consolidated financial statement of the current period remained unchanged.

IV. Basis for the preparation of financial statements

1. Basis for the preparation

With the going-concern assumption as the basis and based on transactions and other events that actually occurred, the Company prepared financial statements in accordance with the ASBE-Basic Standard (No. 33 issued decreed by Ministry of Finance and No. 76 revised decreed by Ministry of Finance), the 41 specific standards of Accounting Standards for Business Enterprises issued by Ministry of Finance of the PRC on 15 Feb 2006 and revised thereafter, Application Guidance of Accounting Standard for Business Enterprises, Interpretation of Accounting Standards for Business Enterprises and other regulations(hereinafter referred to as "the Accounting Standards for Business Enterprises", "China Accounting Standards" or "CAS"), Rules for Preparation Convention of Disclosure of Public Offering Companies No.15 – General Regulations for Financial Reporting (revised in 2014) by China Securities Regulatory Commission.

In accordance with relevant provisions of the Accounting Standards for Business Enterprises, the Group adopted the accrual basis in accounting. Except for some financial instruments, where impairment occurred on an asset, an impairment reserve was withdrawn accordingly pursuant to relevant requirements.

2. Continuing operations

There was no any event or situation caused major concerns on the continuing operation ability of the Company within 12 months from the period-end.

V. Significant accounting policies and estimates

Reminder of the specific accounting policies and estimates:

Naught

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

The financial statements prepared by the Group are in compliance with in compliance with the Accounting Standards for Business Enterprises, which factually and completely present the Group's, and the Group's financial positions as at 30 Jun. 2015, business results and cash flows for the first half year of 2015, and other relevant information. In addition, the Group's and the Group's financial statements meet the requirements of disclosing financial statements and notes thereto stated in the Rules for Preparation Convention of Disclosure of Public Offering Companies No.15 – General Regulations for Financial Reporting (revised in 2014) by

China Securities Regulatory Commission.

2. Fiscal period

The Group's fiscal periods include fiscal years and fiscal periods shorter than a complete fiscal year. The Group's fiscal year starts on 1 Jan. and ends on 31 Dec. of every year according to the Gregorian calendar. And the fiscal period of the financial report is from 1 Jan. to 30 Jun..

3. Operating cycle

Normal operating cycle refers to the period from the Group purchases the assets for processing to realize the cash or cash equivalents. The Group regards 12 months as an operating cycle and regards which as the partition criterion of the mobility of the assets and liabilities.

4. Bookkeeping base currency

Renminbi is the dominant currency used in the economic circumstances where the Company and its domestic subsidiaries are involved. Therefore, the Company and its domestic subsidiaries use Renminbi as their bookkeeping base currency. And the Group adopted Renminbi as the bookkeeping base currency when preparing the financial statements for the reporting period.

5. Accounting treatment methods for business combinations under the same control and those not under the same control

The term "business combinations" refers to a transaction or event bringing together two or more separate enterprises into one reporting entity. Business combinations are classified into the business combinations under the same control and the business combinations not under the same control.

(1) Business combinations under the same control

A business combination under the same control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or the same parties both before and after the business combination and on which the control is not temporary. In a business combination under the same control, the party which obtains control of other combining enterprise(s) on the combining date is the combining party, the other combining enterprise(s) is (are) the combined party. The "combining date" refers to the date on which the combining party actually obtains control on the combined party.

The assets and liabilities that the combining party obtains in a business combination shall be measured on the basis of their carrying amount in the combined party on the combining date. As for the balance between the carrying amount of the net assets obtained by the combining party and the carrying amount of the consideration paid by it (or the total par value of the shares issued), the additional paid-in capital (share premium) shall be adjusted. If the additional paid-in capital (share premium) is not sufficient to be offset, the retained earnings shall be adjusted.

The direct cost for the business combination of the combining party shall be recorded into the profits and losses at the current period.

(2) Business combinations not under the same control

A business combination not under the same control is a business combination in which the combining enterprises are not ultimately controlled by the same party or the same parties both before and after the business combination. In a business combination not under the same control, the party which obtains the control on other combining enterprise(s) on the purchase date is the acquirer, and other combining enterprise(s) is (are) the acquiree.

For a business combination not under the same control, the combination costs shall include the fair values, on the acquisition date, of the assets paid, the liabilities incurred or assumed and the equity securities issued by the acquirer in exchange for the control on the acquiree, the expenses for audit, legal services and assessment, and other administrative expenses, which are recorded into the profits and losses in the current period. The trading expenses for the equity securities or debt securities issued by the acquirer as the combination consideration shall be recorded into the amount of initial measurement of the equity securities or debt securities. The involved contingent consideration shall be recorded into the combination costs at its fair value on the acquiring date. Where new or further evidences emerge, within 12 months since the acquiring date, against the existing circumstances on the acquiring date and the contingent consideration thus needs to be adjusted, the combined goodwill shall be adjusted accordingly.

The combination costs of the acquirer and the identifiable net assets obtained by it in the combination shall be measured according to their fair values at the acquiring date. The acquirer shall recognize the positive balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquiree as business reputation. Where the combination costs are less than the

fair value of the identifiable net assets it obtains from the acquiree, the acquirer shall re-examine the measurement of the fair values of the identifiable assets, liabilities and contingent liabilities it obtains from the acquiree as well as the combination costs. If, after the re-examination, the combination costs are still less than the fair value of the identifiable net assets it obtains from the acquiree, the acquirer shall record the balance into the profits and losses of the current period.

As for the deductible temporary differences the acquirer obtains from the acquiree which are not recognized into deferred income tax liabilities due to their not meeting the recognition standards, if new or further information shows that the relevant situation has existed on the acquiring date and the economic benefits brought by the deductible temporary differences the acquirer obtains from the acquiree on the acquiring date can be realized, they shall be recognized into deferred income tax assets and the relevant goodwill shall be reduced. Where the goodwill is not sufficient to be offset, the difference shall be recognized into the profits and losses in the current period. In other circumstances than the above, where the deductible temporary differences are recognized into deferred income tax assets on the acquiring date, they shall be recorded into the profits and losses in the current period.

As for the deductible temporary differences the acquirer obtains from the acquiree which are not recognized into deferred income tax liabilities due to their not meeting the recognition standards, if new or further information shows that the relevant situation has existed on the acquiring date and the economic benefits brought by the deductible temporary differences the acquirer obtains from the acquiree on the acquiring date can be realized, they shall be recognized into deferred income tax assets and the relevant goodwill shall be reduced. Where the goodwill is not sufficient to be offset, the difference shall be recognized into the profits and losses in the current period. In other circumstances than the above, where the deductible temporary differences are recognized into deferred income tax assets on the acquiring date, they shall be recorded into the profits and losses in the current period.

In a business combination not under same control realized by two or more transactions of exchange, according to about the 5th Notice about the Treasury Issuing the Accounting Standards for Enterprises (Finance accounting) [2012] No. 19 Criterion about the "package deal" (see note 4, 4 (2)), Whether the deals are "package deal" or not, belong to the "package deal", see the previous paragraphs described in this section and note 4, 10 "long term equity investment transaction" and conduct accounting treatment, those not belong to the "package deal" distinguish between the individual financial statements and the consolidated financial statements and conduct relevant accounting treatment.

In the individual financial statements, the sum of the book value and new investment cost of the Group holds in the acquiree before the acquiring date shall be considered as initial cost of the investment. Other related comprehensive gains in relation to the equity interests that the Group holds in the acquiree before the acquiring date shall be treated on the same basis as the acquiree directly disposes the related assets or liabilities when disposing the investment (that is, except for the corresponding share in the changes in the net liabilities or assets with a defined benefit plan measured at the equity method arising from the acquiree's re-measurement, the others shall be transferred into current investment gains).

In the Group's consolidated financial statements, as for the equity interests that the Group holds in the acquiree before the acquiring date, they shall be re-measured according to their fair values at the acquiring date; the positive difference between their fair values and carrying amounts shall be recorded into the investment gains for the period including the acquiring date. Other related comprehensive gains in relation to the equity interests that the Group holds in the acquiree before the acquiring date shall be treated on the same basis as the acquiree directly disposes the related assets or liabilities when disposing the investment (that is, except for the corresponding share in the changes in the net liabilities or assets with a defined benefit plan measured at the equity method arising from the acquiree's re-measurement, the others shall be transferred into current investment gains on the acquiring date).

6. Methods for preparing consolidated financial statements

(1) Principle for determining the consolidation scope

The consolidation scope for financial statements is determined on the basis of control. The term "control" is the power of the Group upon an investee, with which it can take part in relevant activities of the investee to obtain variable returns and is able to influence the amount of returns. The consolidated financial statements comprise the financial statements of the Group and its subsidiaries. A subsidiary is an enterprise or entity controlled by the Group.

(2) Methods for preparing the consolidated financial statements

Subsidiaries are fully consolidated from the date on which the Group obtains control on their net assets and operation decision-making and are de-consolidated from the date when such control ceases. As for a disposed subsidiary, its operating results and cash flows before the disposal date has been appropriately included in the consolidated income statement and cash flow statement; and as for subsidiaries disposed in the current period, the opening items in the consolidated balance sheet are not adjusted. For a subsidiary acquired in a business combination not under the same control, its operating results and cash flows after the acquiring date have been appropriately included in the consolidated income statement and cash flow statement, and the opening items and comparative items in the consolidated financial statements are not adjusted. For a subsidiary acquired in a business combination under the same control or a combined party obtained in a takeover, its operating results and cash flows from the beginning of the reporting period of the combination to the combination date have been appropriately included in the consolidated income statement and cash flow statement, and the comparative items in the consolidated financial statements are adjusted at the same time.

The financial statements of subsidiaries are adjusted in accordance with the accounting policies and accounting period of the Group during the preparation of the consolidated financial statements, where the accounting policies and the accounting periods are

inconsistent between the Group and subsidiaries. For a subsidiary acquired from a business combination not under the same control, the individual financial statements of the subsidiary are adjusted based on the fair value of the identifiable net assets at the acquisition date.

All significant inter-group balances, transactions and unrealized profits are offset in the consolidated financial statements.

The portion of a subsidiary's shareholders' equity and the portion of a subsidiary's net profits and losses for the period not held by the Group are recognized as minority interests and minority shareholder profits and losses respectively and presented separately under shareholders' equity and net profits in the consolidation financial statements. The portion of a subsidiary's net profits and losses for the period that belong to minority interests is presented as the item of "minority shareholder profits and losses" under the bigger item of net profits in the consolidated financial statements. Where the loss of a subsidiary shared by minority shareholders exceeds the portion enjoyed by minority shareholders in the subsidiary's opening owners' equity, minority interests are offset.

Where the Group loses control on its original subsidiaries due to disposal of some equity investments or other reasons, the residual equity interests are re-measured according to the fair value on the date when such control ceases. The summation of the consideration obtained from the disposal of equity interests and the fair value of the residual equity interests, minus the portion in the original subsidiary's net assets measured on a continuous basis from the acquisition date that is enjoyable by the Group according to the original shareholding percentage in the subsidiary, is recorded in investment gains for the period when the Group's control on the subsidiary ceases. Other comprehensive incomes in relation to the equity investment in the original subsidiary are treated on the same accounting basis as the acquiree directly disposes the relevant assets or liabilities (that is, except for the changes in the net liabilities or assets with a defined benefit plan resulted from re-measurement of the original subsidiary, the rest shall all be transferred into current investment gains) when such control ceases. And subsequent measurement is conducted on the residual equity interests according to the No. 2 Accounting Standard for Business Enterprises-Long-term Equity Investments or the No. 22 Accounting Standard for Business Enterprises-Recognition and Measurement of Financial Instruments.

Where the Group loses control on its original subsidiaries due to step by step disposal of equity investments through multiple transactions, it need to distinguish the Group loses control on its subsidiaries due to disposal of equity investments whether belongs to a package deal. All the transaction terms, conditions and economic impact of the disposal of subsidiaries' equity investment are in accordance with one or more of the following conditions, which usually indicate the multiple transactions should be considered as a package deal for accounting treatment. ① These deals are at the same time or under the condition of considering the influence of each other to concluded; ② These transactions only be as a whole can achieve a complete business result; ③ The occurrence of a deal depends on at least one other transactions; ④ A deal alone is not economical, it is economical with other trading together. Those not belong to a package deal, each of them a deal depends on circumstances respectively conduct accounting treatment in accordance with the applicable principles of "part disposal of subsidiaries of a long-term equity investment under the condition of not losing control on its subsidiaries" and "Where the Group loses control on its original subsidiaries due to disposal of some equity investments or other reasons" relevant transactions of the Group loses control on its subsidiaries due to disposal of equity investments belonging to a package deal, considered as a transaction and conduct accounting treatment. However, Before losing control, every disposal cost and corresponding net assets balance of subsidiary of disposal investment are confirmed as other comprehensive income in consolidated financial statements, which together transferred into the current profits and losses in the lose of control, when the Group losing control on its subsidiary.

7. Classification of joint arrangements and accounting treatment of joint operations

A joint arrangement refers to an arrangement jointly controlled by two participants or above. The Group classifies joint arrangements into joint operations and joint ventures according to its rights and duties in the joint arrangements. A joint operation refers to a joint arrangement where the Group enjoys assets and has to bear liabilities related to the arrangement. A joint venture refers to a joint arrangement where the Group is only entitled to the net assets of the arrangement.

The Group's investments in joint ventures are measured at the equity method according to the accounting policies mentioned in Note "Long-term equity investments measured at the equity method".

For a joint operation, the Group, as a joint operator, recognizes the assets and liabilities that it holds and bears in the joint operation, and recognizes the jointly-held assets and jointly-borne liabilities according to the Group's stake in the joint operation; recognizes the income from sale of the Group's share in the output of the joint operation; recognizes the income from sale of the joint operation's outputs according to the Group's stake in it; and recognizes the expense solely incurred to the Group and the expense incurred to the joint operation according to the Group's stake in it.

When the Group, as a joint operator, transfers or sells assets (the assets not constituting business, the same below) to the joint operation, or purchases assets from the joint operation, before the assets are sold to a third party, the Group only recognizes the share of the other joint operators in the gains and losses arising from the sale. Where impairment occurs to the assets as prescribed in <The Accounting Standard No. 8 for Business Enterprises—Asset Impairment>, the Group shall fully recognizes the loss for a transfer or sale of assets to a joint operation; and shall recognize the loss according to its stake in the joint operation for a purchase of assets from the joint operation.

8. Recognition standard for cash and cash equivalents

In the Group's understanding, cash and cash equivalents include cash on hand, any deposit that can be used for cover, and short-term (usually due within 3 months since the day of purchase) and high circulating investments, which are easily convertible into known amount of cash and whose risks in change of value are minimal.

9. Foreign currency businesses and translation of foreign currency financial statements

(1) Accounting treatments for translation of foreign currency transactions

As for a foreign currency transaction, the Company shall convert the amount in a foreign currency into amount in its bookkeeping base at the spot exchange rate (usually referring to the central parity rate announced by the People's Bank of China, the same below) of the transaction date, while as for such transactions as foreign exchange or involving in foreign exchange, the Company shall converted into amount in the bookkeeping base currency at actual exchange rate the transaction is occurred.

(2) Accounting treatments for translation of foreign currency monetary items and non-monetary items

On the balance sheet date, the foreign currency monetary items shall be translated at the spot exchange rate on the balance sheet date. The exchange difference arising from the difference between the spot exchange rate on the balance sheet date and the spot exchange rate at the time of initial recognition or prior to the balance sheet date shall be recorded in the profits and losses in the current period, excluding the following situations: ① the exchange difference arising from foreign currency loans related to acquisition of fixed assets shall be treated at the principle of capitalization of borrowing costs; ② the exchange difference arising from the hedging instruments used for effective hedging of net overseas operation investments shall be recorded into other comprehensive incomes, and shall be recognized into current gains and losses when the net investments are disposed; and ③ the exchange difference arising from change in the book balance of foreign currency monetary items available for sale except the amortized costs shall be recorded into other comprehensive gains and losses.

When it involves overseas business in preparing the consolidated financial statement, for the translation difference of foreign currency monetary items of net investment in overseas business arising from the change in exchange rate, it shall be recorded into other comprehensive incomes; and be recorded into disposal gains and losses at current period when disposing overseas business.

A foreign currency non-monetary item measured at the historical costs shall still be translated at the spot exchange rate on the transaction date. Where the foreign non-monetary items measured at the fair value shall be converted into amount in its bookkeeping base currency at spot exchange rate, the exchange gains and losses arising thereof shall be treated as change in fair value, and recorded into the current period gains and losses or as other comprehensive incomes.

(3) Translation of foreign currency financial statements

When it involves overseas business in preparing the consolidated financial statement, for the translation difference of foreign currency monetary items of net investment in overseas business arising from the change in exchange rate, it shall be recorded into the item of "difference of foreign currency financial statement translation" under the owners' equity; and be recorded into disposal gains and losses at current period when disposing overseas business.

The foreign currency financial statement of overseas business should be translated in to RMB financial statement by the following methods: The asset and liability items in the balance sheets shall be translated at a spot exchange rate on the balance sheet date. Among the owner's equity items, except for the items as "undistributed profits", other items shall be translated at the spot exchange rate at the time when they are incurred. The income and expense items in the profit statements shall be translated at the spot exchange rate of the transaction date. The undistributed profits at year-begin is the undistributed profits at the end of last year after the translation; undistributed profits at year-end shall be listed as various distribution items after the translation; after the translation, the balance between assets and the sum of liabilities and owners' equities shall be recorded into other comprehensive gains and losses as difference of foreign currency translation. Where an enterprise disposes of an overseas business without the control right, it shall shift the differences, which is presented under the items of the owner's equities in the balance sheet and which arises from the translation of foreign currency financial statements relating to this overseas business, into the disposal profits and losses of the current period by all or proportion of the disposed overseas business.

Foreign cash flow shall be translated at the spot exchange rate of the date of cash flow incurred. The influence of exchange rate on the cash flow shall be adjustment item and individually listed in the cash flow statement.

And the opening balance and the actual balance of last year shall be listed at the amounts after translation of foreign currency financial statement in last year.

Where the control of the Group over an overseas operation ceases due to disposal of all or some of the Group's owner's equity in the overseas operation or other reasons, the foreign-currency statement translation difference belonging to the parent company's owner's equity in relation to the overseas operation which is stated under the shareholders' equity in the balance sheet shall be all restated as gains and losses of the disposal period.

Where the Group's equity in an overseas operation decreases due to disposal of some equity investment or other reasons but the

Group still has control over the overseas operation, the foreign-currency statement translation difference in relation to the disposed part of the overseas operation shall be recorded into minority interests instead of current gains and losses. If what's disposed is some equity in an overseas associated enterprise or joint venture, the foreign-currency statement translation difference related to the overseas operation shall be recorded into the gains and losses of the current period of the disposal according to the disposal ratio.

10. Financial instruments

The Group recognizes a financial asset or liability when it becomes a party of the relevant financial instrument contract. Financial assets and liabilities are measured at fair value in initial recognition. As for the financial assets and liabilities measured at fair value of which changes are recorded into current gains and losses, the relevant dealing expenses are directly recorded into gains and losses; and the dealing expenses on other kinds of financial assets and liabilities are included in the amounts initially recognized.

(1) Determination of the fair value of main financial assets and financial liabilities

Fair value refers to the price that a market participant shall receive for selling an asset or shall pay for transferring a liability in an orderly transaction on the measurement date. As for the financial assets or financial liabilities for which there is an active market, the quoted prices in the active market shall be used to determine the fair values thereof. The quoted prices in the active market refers to the prices available from stock exchange, broker's agencies, guilds, pricing organization and etc., which represent the actual trading price under equal transaction. Where there is no active market for a financial instrument, the enterprise concerned shall adopt value appraisal techniques, including the prices adopted by the parties, who are familiar with the condition, in the latest market transaction upon their own free will, the current fair value obtained by referring to other financial instruments of the same essential nature, the cash flow capitalization method and the option pricing model, etc., to determine its fair value.

(2) Classification, recognition and measurement of financial assets

The purchase and sale of financial assets under the normal ways shall be recognized and stopped to be recognized respectively at the price of transaction date. Financial assets shall be classified into the following four categories when they are initially recognized: (a) the financial assets which are measured at their fair values and the variation of which is recorded into the profits and losses of the current period, (b) the investments which will be held to their maturity; (c) loans and the account receivables; and (d) financial assets available for sale.

① The financial assets which are measured at their fair values and the variation of which is recorded into the profits and losses of the current period

Including transactional financial assets and the financial assets which are designated to be measured at their fair value when they are initially recognized and of which the variation is recorded into the profits and losses of the current period;

The financial assets meeting any of the following requirements shall be classified as transactional financial assets: A. The purpose to acquire the said financial assets is mainly for selling them in the near future; B. Forming a part of the identifiable combination of financial instruments which are managed in a centralized way and for which there are objective evidences proving that the enterprise may manage the combination by way of short-term profit making in the near future; C. Being a derivative instrument, excluding the designated derivative instruments which are effective hedging instruments, or derivative instruments to financial guarantee contracts, and the derivative instruments which are connected with the equity instrument investments for which there is no quoted price in the active market, whose fair value cannot be reliably measured, and which shall be settled by delivering the said equity instruments.

The financial assets meeting any of the following requirements shall be designated as financial assets which are measured at their fair values and the variation of which is recorded into the profits and losses of the current period for initial recognition: A. the designation can eliminate or significantly reduce the difference of relevant gains and losses between recognition and measurement causing from different bases for measurement of financial assets; B. The official written documents for risk management and investment strategies of the enterprise have clearly stated that it shall manage, evaluate and report to important management personnel based on the fair value, about the financial assets group or the group of financial assets & liabilities which the financial assets are belong to.

For the financial assets which are measured at their fair values and the variation of which is recorded into the profits and losses of the current period shall continue to be measured by fair value, gains and losses of change in fair value, dividends and interest related with these financial assets should be recorded into gains and losses of current period.

② Held-to-maturity investment

The term "held-to-maturity investment" refers to a non-derivative financial asset with a fixed date of maturity, a fixed or determinable amount of repo price and which the enterprise holds for a definite purpose or the enterprise is able to hold until its maturity.

For the held-to-maturity investment adopting actual interest rate method, which is measured at the post-amortization costs, the profits and losses that arise when such financial assets or financial liabilities are terminated from recognition, or are impaired or amortized, shall be recorded into the profits and losses of the current period.

The actual interest rate method refers to the method by which the post-amortization costs and the interest incomes of different instalments or interest expenses are calculated in light of the actual interest rates of the financial assets or financial liabilities

(including a set of financial assets or financial liabilities). The actual interest rate refers to the interest rate adopted to cash the future cash flow of a financial asset or financial liability within the predicted term of existence or within a shorter applicable term into the current carrying amount of the financial asset or financial liability.

When the actual interest rate is determined, the future cash flow shall be predicted on the basis of taking into account all the contractual provisions concerning the financial asset or financial liability (the future credit losses shall not be taken into account) and also the various fee charges, trading expenses, premiums or reduced values, etc., which are paid or collected by the parties to a financial asset or financial liability contract and which form a part of the actual interest rate.

③ Loans and the accounts receivables

Loans and the accounts receivables refer to non-derivative financial assets, which there is no quotation in the active market, with fixed recovery cost or recognizable.

Financial assets that are defined as loans and the accounts receivables by the Group including notes receivables, accounts receivables, interest receivable, dividends receivable and other receivables etc..

Loans and the accounts receivables are made follow-up measurement on the basis of post-amortization costs employing the effective interest method. Gains or loss arising from the termination recognition, impairment occurs or amortization shall be recorded into the profits and losses of the current period.

④ Assets available for sales

Assets available for sales including non-derivative financial asset that has been assigned as assets available for sales on the initial recognition and financial assets excluded those measured at fair value and of which the variation into profits and losses of the current period, they are some financial assets, loans and accounts receivables, held-to-maturity investment.

The cost at the period-end of the available-for-sale liabilities instruments should be confirmed according to its amortized cost method, that is the initially recognized amount which deduct the principal that had been repaid, to plus or minus the accumulative amortization amount formed by the amortization between the difference of the initially recognized amount and the amount on the due date that adopted the actual interest rate method, and at the same time deduct the amount after the impairment loss happened. The cost at the period-end of the available-for-sale liabilities instruments is its initial cost.

Financial assets available-for-trade are subsequently measured at fair value, and gains or losses arising from changes in the fair value are recognized as other comprehensive income, and be carried forward when the said financial assets stopped recognition, then it shall be recorded into the profits and losses of the current period. But, the equity instrument investment which neither have quotation in the active market nor its fair value could not be reliable measured, as well as the derivative financial assets that concern with the equity instruments and should be settled through handing over to its equity instruments, should take the follow-up measurement according to the cost.

Interest receive during the holding of assets available for sales and cash dividends with distribution announcement by invested companies, it shall be recorded into the profits and losses of the current period.

(3) Impairment of financial assets

The Group assesses at the balance sheet date the carrying amount of every financial asset except for the financial assets that measured by the fair value. If there is objective evidence indicating a financial asset may be impaired, a provision is provided for the impairment.

The Group carries out a separate impairment test for every financial asset which is individually significant. As for a financial asset which is individually insignificant, an impairment test is carried out separately or in the financial asset group with similar credit risk. Where the financial asset (individually significant or insignificant) is found not impaired after the separate impairment test, it is included in the financial asset group with similar credit risk and tested again on the group basis. Where the impairment loss is recognized for an individual financial asset, it is not included in the financial asset group with similar credit risk for an impairment test.

① Impairment on held-to maturity investment, loans and receivables

The financial assets measured by cost or amortized cost write down their carrying value by the estimated present value of future cash flow. The difference is recorded as impairment loss. If there is objective evidence to indicate the recovery of value of financial assets after impairment, and it is related with subsequent event after recognition of loss, the impairment loss recorded originally can be reversed. The carrying value of financial assets after impairment loss reversed shall not exceed the amortized cost of the financial assets without provisions of impairment loss on the reserving date.

② Impairment of available-for-sale financial assets

When it judged that the decrease of fair value of the available-for-sale equity instrument investment is serious and not temporarily after comprehensive considering relevant factors, it reflected that the available-for-sale equity instrument investment occurred impairment. Of which, the "serious decline" refers to the accumulative decline range of the fair value over 20%; while the "non-temporary decline" refers to the consecutive decline time of the fair value over 12 months.

Where an available-for-sale financial asset is impaired, the accumulative losses arising from the decrease of the fair value of the capital reserve which is directly included are transferred out and recorded in the profits and losses for the current period. The accumulative losses transferred out are the balance obtained from the initially obtained cost of the said financial asset after deducting the principals as taken back, the amortized amount, the current fair value and the impairment loss originally recorded in the profits and losses.

Where the impairment loss has been recognized for an available-for-sale financial asset, if, within the accounting periods thereafter, there is any objective evidence proving that the value of the said financial asset has been restored and the restoration is objectively related to the events that occur after the impairment loss was recognized, the originally recognized impairment loss is reversed. The impairment losses on the available-for-sale equity instrument investments are reversed and recognized as other comprehensive incomes, and the impairment losses on the available-for-sale liability instruments are reversed and recorded in the profits and losses for the current period.

The impairment loss incurred to an equity instrument investment for which there is no quoted price in the active market and whose fair value cannot be reliably measured, or incurred to a derivative financial asset which is connected with the said equity instrument investment and which must be settled by delivering the said equity investment, is not reversed.

(4) Recognition and measurement of financial asset transfers

Where a financial asset satisfies any of the following requirements, the recognition of it is terminated: ① The contractual rights for collecting the cash flow of the said financial asset are terminated; ② The said financial asset has been transferred and nearly all of the risks and rewards related to the ownership of the financial asset to the transferee; or ③ The said financial asset has been transferred. And the Group has ceased its control on the said financial asset though it neither transfers nor retains nearly all of the risks and rewards related to the ownership of the financial asset.

Where the Group neither transfers nor retains nearly all of the risks and rewards related to the ownership of a financial asset, and it does not cease its control on the said financial asset, it recognizes the relevant financial asset and liability accordingly according to the extent of its continuous involvement in the transferred financial asset. The term "continuous involvement in the transferred financial asset" refers to the risk level that the enterprise faces resulting from the change of the value of the financial asset.

If the transfer of an entire financial asset satisfies the conditions for stopping recognition, the difference between the amounts of the following 2 items is recorded in the profits and losses of the current period: (1) The book value of the transferred financial asset; and (2) The sum of consideration received from the transfer, and the accumulative amount of the changes of the fair value originally recorded in other comprehensive incomes.

If the transfer of partial financial asset satisfies the conditions to stop the recognition, the book value of the transferred financial asset is apportioned between the portion whose recognition has been stopped and the portion whose recognition has not been stopped according to their respective relative fair value, and the difference between the amounts of the following 2 items is included into the profits and losses of the current period: (1) The summation of the consideration received from the transfer and the portion of the accumulative amount of changes in the fair value originally recorded in other comprehensive incomes which corresponds to the portion whose recognition has been stopped; and (2) The amortized carrying amounts of the aforesaid amounts.

In respect of the assets using recourse to sell or using endorsement to transfer, the Group needs to determine whether almost all of the risks and rewards of the financial asset ownership are transferred. If almost all of the risks and rewards of the financial asset ownership had been transferred to the transferee, derecognize the financial assets. For almost all of the risks and rewards of the financial asset ownership retained, do not end to recognize the financial assets. For which neither transfer or retain almost all of the risks and rewards of the financial asset ownership, continuously judge whether the Company retain the control of the assets, and conduct accounting treatment according to the principle of mentioned in the previous paragraphs.

(5) Classification and measurement of financial liabilities

In the initial recognition, financial liabilities are divided into the financial liabilities measured at fair values and whose changes are recorded in current gains and losses and other financial liabilities. Financial liabilities are initially recognized at their fair values. As for a financial liability measured at fair value and whose changes are recorded in current gains and losses, the relevant trading expense is directly recorded in the profits and losses for the current period. As for other financial liabilities, the relevant trading expenses are recorded in the initially recognized amounts.

① Financial liabilities measured at fair values and whose changes are recorded in current gains and losses

Such financial liabilities are divided into transactional financial liabilities and financial liabilities designated to be measured at fair values and whose changes are recorded in current gains and losses in the initial recognition under the same conditions where such financial assets are divided into transactional financial assets and financial assets designated to be measured at fair values and whose changes are recorded in current gains and losses in the initial recognition.

Financial liabilities measured at fair values and whose changes are recorded in current gains and losses are subsequently measured at their fair values. Gains or losses arising from the fair value changes, as well as the dividend and interest expenses in relation to the said financial liabilities, are recorded in the profits and losses for the current period.

② Other financial liabilities

As for a derivative financial liability connected to an equity instrument for which there is not quoted price in an active market and whose fair value cannot be reliably measured and which must be settled by delivering the equity instrument, it is subsequently measured on the basis of costs. Other financial liabilities are subsequently measured according to the amortized cost using the actual interest rate method. Gains or losses arising from de-recognition or amortization of the said financial liabilities is recorded in the profits and losses for the current period.

③ Financial guarantee contract and loan commitment

For the financial guarantee contracts which are not designated as a financial liability measured at its fair value and the variation thereof is recorded into the profits and losses of the current period, or the loan commitment which is not designated as a financial liability measured at its fair value and the variation thereof is recorded into the gains and losses that will be loaned lower than the market interest rate, which shall be initially recognized by fair value, and the subsequent measurement shall be made after they are initially recognized according to the higher one of the following: a. the amount as determined according to the Accounting Standards for Enterprises No. 13 – Contingencies; b. the surplus after accumulative amortization as determined according to the principles of the Accounting Standards for Enterprises No. 14 - Revenues is subtracted from the initially recognized amount.

(6) De-recognition of financial liabilities

Only when the prevailing obligations of a financial liability are relieved in all or in part may the recognition of the financial liability be terminated in all or partly. Where the Group (debtor) enters into an agreement with a creditor so as to substitute the existing financial liabilities by way of any new financial liability, and if the contractual stipulations regarding the new financial liability is substantially different from that regarding the existing financial liability, it terminates the recognition of the existing financial liability, and at the same time recognizes the new financial liability.

Where the recognition of a financial liability is totally or partially terminated, the enterprise concerned shall include into the profits and losses of the current period for the gap between the book value which has been terminated from recognition and the considerations it has paid (including the non-cash assets it has transferred out and the new financial liabilities it has assumed)

(7) Derivatives and embedded derivatives

Derivative financial instruments include derivatives are initially measured at fair value at the date when the derivative contracts are entered into and are substantially re-measured at fair value. The resulting gain and loss is recognized in profit or loss.

An embedded derivative is separated from the hybrid instrument, where the hybrid instrument is not designated as a financial asset or financial liability at fair value though profit or loss, and the treated as a standalone derivative if (a) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract; and (b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative. If the Company is unable to measure the embedded derivative separately either at acquisition or at a subsequent balance sheet date, it designates the entire hybrid instrument as a financial asset or financial liability at fair value through profit or loss.

(8) Offsetting financial assets and financial liabilities

When the Group has a legal right that is currently enforceable to set off the recognized financial assets and financial liabilities, and intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously, a financial asset and a financial liability shall be offset and the net amount is presented in the balance sheet. Except for the above circumstances, financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset.

(9) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The Group issues (including refinancing), re-purchases, sells or written-offs the equity instrument as the disposing of the changes of the equity. The Group not recognized the changes of the fair value of the equity instrument. The transaction expenses related to the equity transaction would be deducted from the equity.

All types of distribution (excluding stock dividends) made by the Group to holders of equity instruments are deducted from shareholders' equity. The Group does not recognize any changes in the fair value of equity instruments.

11. Receivables

(1) Accounts receivable with significant single amount for which the bad debt provision is made individually

Judgement basis or monetary standards of provision for bad debts of the individually significant accounts receivable	Receivables with the amount of RMB 5 million or more than RMB 5 million should recognize as the receivables with significant single amount.
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Method of individual provision for bad debts of the individually significant accounts receivable	The Company made an independent impairment test on receivables with significant single amounts; the financial assets without impairment by independent impairment test should be included in financial assets portfolio with similar credit risk to take the impairment test. Receivables was recognized with impairment should no longer be included in receivables portfolio with similar credit risk to take the impairment test.
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(2) Accounts receivable which the bad debt provision is withdrawn by credit risk characteristics

Name of portfolios	Bad debt provision method
Related party portfolios	Other method
Risk-free portfolios	Other method
Age portfolios	Aging analysis method

In the groups, adopting aging analysis method to withdraw bad debt provision:

Applicable Inapplicable

Age	Withdrawal proportion for accounts receivable	Withdrawal proportion for other accounts receivable
Within 1 year (including 1 year)	5.00%	5.00%
1-2 years	10.00%	10.00%
2-3 years	30.00%	30.00%
3-4 years	50.00%	50.00%
4-5 years	50.00%	50.00%
Over 5 years	100.00%	100.00%

In the groups, adopting balance percentage method to withdraw bad debt provision:

Applicable Inapplicable

In the groups, adopting other methods to withdraw bad debt provision:

Applicable Inapplicable

(3) Accounts receivable with an insignificant single amount but for which the bad debt provision is made individually

Reason of individually withdrawing bad debt provision	The Group made independent impairment test on receivables with insignificant amount but with the following characteristics (for example: receivables have dispute with the other parties or involving lawsuit and arbitration; receivables have obvious indication showing that the debtors are likely to fail to perform the duty of repayment, etc.).
Withdrawal method for bad debt provision	The Group made independent impairment test on receivables

	with insignificant amount but with the following characteristics, if any objective evidence shows that the accounts receivable has been impaired, impairment loss shall be recognized on the basis of the gap between the current values of the future cash flow lower than its book value so as to withdraw provision for bad debts (for example: receivables have dispute with the other parties or involving lawsuit and arbitration; receivables have obvious indication showing that the debtors are likely to fail to perform the duty of repayment, etc.).
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12. Inventory

(1) Classification

Inventories mainly include raw materials, work-in-progress and self-made semi-manufactured goods, revolving materials, finished products as well as stock products etc.

(2) Valuation method of inventories acquiring and issuing

The inventories should be measured by the actual cost when acquired, and the cost of the inventories including the procurement cost, processing cost and other cost. Bulk chemical raw materials, work-in-progress goods and finished products should be measured by the actual cost and should carry forward the cost by weighted average method when issuing; auxiliary materials, packing materials should be measured by actual cost and adopt the planned cost for accounting as well as included the difference between the actual cost and the planned cost into the material cost variance and according the material cost variance rate, work out the material cost variance which should be shared at the end of the month, and to adjust the planned cost that had issued the materials as the actual cost; low priced and easily worn articles should be recorded by actual cost and should adopt the one-time amortization method for accounting when consuming.

(3) Basis for determining net realizable value of inventories and provision methods for decline in value of inventories

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes. Net realizable value is determined on the basis of clear evidence obtained, and takes into consideration the purpose of holding inventories and effect of post balance sheet events.

At the balance sheet date, inventories are measured at the lower of the cost and net realizable value. If the net realizable value is below the cost of inventories, a provision for decline in value of inventories is made. The provision for inventories decline in value is determined normally by the difference of the cost of individual item less its realizable value. For large quantity and low value items of inventories, provision for decline in value is made based on categories of inventories. For items of inventories relating to a product line that are produced and marketed in the same geographical area, have the same or similar end users or purposes, and cannot be practically evaluated separately from other items in that product line provision for decline in value is determined on an aggregate basis.

After the provision for decline in value of inventories is made, if the circumstances that previously caused inventories to be written down below cost no longer exist so that the net realizable value of inventories is higher than their cost, the original provision for decline in value is reversed and the reversal is included in profit or loss for the period.

(4) The perpetual inventory system is maintained for stock system.

13. Divided as assets held for sale

If a non-current assets could be immediately sold only according to the usual terms of selling this kind of assets under current situation, and the Group has made a decision on disposing a non-current asset, entered into an irreversible transfer agreement with the transferee and the transfer is likely to be completed within one year, the non-current asset is measured as a non-current asset held for sale, which shall not be depreciated or amortized since the date held for sale but shall be measured at the lower one of the net amounts of the book value and the fair value after deducting the disposal expense. Non-current assets held for sale include single-item assets and disposal groups. Where a disposal group is an asset group and the goodwill obtained in the business combination is apportioned to the asset group according to the "Accounting Standard No. 8 for Business Enterprises—Asset Impairment", or a disposal group is an operation in such an asset group, the disposal group shall include the goodwill in the business combination.

The non-current assets of single amount and the assets among the disposing group that both be divided as assets held for sale, should

be listed alone of the current assets on the balance sheet; liabilities related to the assets transfer among the disposing group which be divided as assets held for sale, should be listed alone of the current assets on the balance sheet.

An asset or an disposal group was classified as held for sale before, but if it couldn't meet the recognition conditions for held-for-sale non-current asset later, the Company shall cease to classify it as held for sale, and measure it by the lower amount of the followings: (1) its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortization or impairment before the asset (or disposal group) being classified as held for sale; or (2) its recoverable amount on the date of the subsequent decision not to sell.

14. Long-term equity investments

The long-term equity investments of this part refer to the long-term equity investments that the Group has control, joint control or significant influence over the investees. The long-term equity investment that the Group does not have control, joint control or significant influence over the investees, should be recognized as available-for-sale financial assets or be measured by fair value with the changes should be included in the financial assets accounting of the current gains and losses, and please refer the details of the accounting polices to Notes IV 9 "financial instrument".

Joint control, refers to the control jointly owned according to the relevant agreement on an arrangement by the Group and the relevant activities of the arrangement should be decided only after the participants which share the control right make consensus. Significant influence refers to the power of the Group which could anticipate in the finance and the operation polices of the investees, but could not control or jointly control the formulation of the policies with the other parties.

(1) Recognition of investment costs

As for long-term equity investments acquired by enterprise merger, if the merger is under the same control, the share of the book value of the owner's equity of the merged enterprise, on the date of merger, is regarded as the initial cost of the long-term equity investment. The difference between the initial cost of the long-term equity investment and the payment in cash, non-cash assets transferred as well as the book value of the debts borne by the merging party shall offset against the capital reserve. If the capital reserve is insufficient to dilute, the retained earnings shall be adjusted. If the consideration of the merging enterprise is that it issues equity securities, it shall, on the date of merger, regard the share of the book value of the shareholder's equity of the merged enterprise on the consolidated financial statement of the ultimate control party as the initial cost of the long-term equity investment. The total face value of the stocks issued shall be regarded as the capital stock, while the difference between the initial cost of the long-term equity investment and total face value of the shares issued shall offset against the capital reserve. If the capital reserve is insufficient to dilute, the retained earnings shall be adjusted. The equities of the combined party which respectively acquired through multiple transaction under the same control that ultimately form into the combination of the enterprises under the same control, should be disposed according whether belongs to package deal; if belongs to package deal, each transaction would be executed accounting treatment by the Company as a transaction of acquiring the control right. If not belongs to package deal, it shall, on the date of merger, regard the enjoyed share of the book value of the shareholder's equity of the merged enterprise on the consolidated financial statement of the ultimate control party as the initial cost of the long-term equity investment, and as for the difference between the initial investment cost of the long-term equity investment and sum of the book value of the long-term equity investment before the combination and the book value of the consideration of the new payment that further required on the combination date, should adjust the capital reserve; if the capital reserve is insufficient to dilute, the retained earnings shall be adjusted. The equity investment held before the combination date which adopted the equity method for accounting, or the other comprehensive income confirmed for the available-for-sale financial assets, should not have any accounting disposal for the moment.

For the long-term investment required from the business combination under different control, the initial investment cost regarded as long-term equity investment on the purchasing date according to the combination cost, the combination costs shall be the sum of the fair values of the assets paid, the liabilities incurred or assumed and the equity securities issued by the Company. The equities of the acquirees which respectively acquired through multiple transaction that ultimately form into the combination of the enterprises under the different control, should be disposed according whether belongs to package deal; if belongs to package deal, each transaction would be executed accounting treatment by the Company as a transaction of acquiring the control right. If not belongs to package deal, the sum of the book value of the original held equity investment of the acquirees and the newly added investment cost should be regarded as the initial investment cost of the long-term equity investment that changed to be accounted by cost method. If the original held equity is calculated by cost method, the other relevant comprehensive income would not have any accounting disposal for the moment. If the original held equity investment is the financial assets available for sale, its difference between the fair value and the book value as well as the accumulative changes of the fair value that include in the other comprehensive income, should transfer into the current gains and losses.

The commission fees for audit, law services, assessment and consultancy services and other relevant expenses occurred in the business combination by the combining party or the purchase party, shall be recorded into current profits and losses upon their occurrence; the transaction expense from the issuance of equity securities or bonds securities which are as consideration for combination by the combining party, should be recorded as the initial amount of equity securities and bonds securities.

Besides the long-term equity investments formed by business combination, the other long-term equity investments shall be initially measured by cost, the cost is fixed in accordance with the ways of gaining, such as actual cash payment paid by the Group, the fair value of equity securities issued by the Group, the agreed value of the investment contract or agreement, the fair value or original carrying amount of exchanged assets from non-monetary assets exchange transaction, the fair value of the long-term equity

investments, etc. The expenses, taxes and other necessary expenditures directly related with gaining the long-term equity investments shall also be recorded into investment cost. The long-term equity investment cost for those could execute significant influences on the investees because of appending the investment or could execute joint control but not form as control, should be as the sum of the fair value of the original held equity investment and the newly added investment cost recognized according to the No.22 of Accounting Standards for Business Enterprises—Recognition and Measurement of Financial Instrument.

(2) Subsequent measurement and recognition of gains or losses

A long-term equity investment where the investing enterprise has joint control (except for which forms into common operators) or significant influence over the investors should be measured by equity method. Moreover, long-term equity investment adopting the cost method in the financial statements, and which the Company has control on invested entity.

① Long-term equity investment measured by adopting cost method

The price of a long-term equity investment measured by adopting the cost method shall be included at its initial investment cost and append as well as withdraw the cost of investing and adjusting the long-term equity investment. The return on investment at current period shall be recognized in accordance with the cash dividend or profit announced to distribute by the invested entity, except the announced but not distributed cash dividend or profit included in the actual payment or consideration upon gaining the investment.

② Long-term equity investment measured by adopting equity method

If the initial cost of a long-term equity investment is more than the Company's attributable share of the fair value of the invested entity's identifiable net assets for the investment, the initial cost of the long-term equity investment may not be adjusted. If the initial cost of a long-term equity investment is less than the Company's attributable share of the fair value of the invested entity's identifiable net assets for the investment, the difference shall be included in the current profits and losses and the cost of the long-term equity investment shall be adjusted simultaneously.

When measured by adopting equity method, respectively recognize investment income and other comprehensive income according to the net gains and losses as well as the portion of other comprehensive income which should be enjoyed or be shared, and at the same time adjust the book value of the long-term equity investment; corresponding reduce the book value of the long-term equity investment according to profits which be declared to distribute by the investees or the portion of the calculation of cash dividends which should be enjoyed; for the other changes except for the net gains and losses, other comprehensive income and the owners' equity except for the profits distribution of the investees, should adjust the book value of the long-term equity investment as well as include in the capital reserve. The investing enterprise shall, on the ground of the fair value of all identifiable assets of the invested entity when it obtains the investment, recognize the attributable share of the net profits and losses of the invested entity after it adjusts the net profits of the invested entity. If the accounting policies adopted by the investees is not accord with that of the Group, should be adjusted according to the accounting policies of the Group and the financial statement of the investees during the accounting period and according which to recognize the investment income as well as other comprehensive income. For the transaction happened between the Group and associated enterprises as well as joint ventures, if the assets launched or sold not form into business, the portion of the unrealized gains and losses of the internal transaction, which belongs to the Group according to the calculation of the enjoyed proportion, should recognize the investment gains and losses on the basis. But the losses of the unrealized internal transaction happened between the Group and the investees which belongs to the impairment losses of the transferred assets, should not be neutralized. The assets launched by the Group to the associated enterprises or the joint ventures if could form into business, the long-term equity investment without control right which acquired by the investors, should regard the fair value of the launched business as the initial investment cost the newly added long-term equity investment, and for the difference between the initial investment cost and the book value of the launched business, should be included into the current gains and losses with full amount. The assets sold by the Group to the associated enterprises or the joint ventures if could form into business, the difference between the acquired consideration and the book value of the business should be included in the current gains and losses with full amount. The assets purchased by the Group to the associated enterprises or the joint ventures if could form into business, should be accounting disposed according to the regulations of No. 20 of ASBE—Business Combination, and should be recognized gains or losses related to the transaction with full amount.

The Group shall recognize the net losses of the invested enterprise until the book value of the long-term equity investment and other long-term rights and interests which substantially form the net investment made to the invested entity are reduced to zero. However, if the Group has the obligation to undertake extra losses, it shall be recognized as the estimated liabilities in accordance with the estimated duties and then recorded into investment losses at current period. If the invested entity realizes any net profits later, the Group shall, after the amount of its attributable share of profits offsets against its attributable share of the un-recognized losses, resume recognizing its attributable share of profits.

For the long-term equity investment held by the Group before the first execution of the new accounting criterion on 1 Jan. 2008 of the associated enterprises and joint ventures, if there is debit difference of the equity investment related to the investment, should be included in the current gains and losses according to the amount of the straight-line amortization during the original remained period.

③ Acquiring shares of minority interest

In the preparation for the financial statements, the balance existed between the long-term equity investment increased by acquiring shares of minority interest and the attributable net assets on the subsidiary calculated by the increased shares held since the purchase date (or combination date), the capital reserves shall be adjusted, if the capital reserves are not sufficient to offset, the retained profits shall be adjusted.

④ Disposal of long-term equity investment

In the preparation of financial statements, the Company disposed part of the long-term equity investment on subsidiaries without losing its controlling right on them, the balance between the disposed price and attributable net assets of subsidiaries by disposing the long-term equity investment shall be recorded into owners' equity; where the Company loses the controlling right by disposing part of long-term equity investment on such subsidiaries, it shall be treated in accordance with the relevant accounting policies in Note IV. 5 (2) Method on preparation of combined financial statements.

For other ways on disposal of long-term equity investment, the balance between the book value of the disposed equity and its actual payment gained shall be recorded into current profits and losses.

For the long-term equity investment measured by adopting equity method, if the remained equity after disposal still adopts the equity method for measurement, the other comprehensive income originally recorded into owners' equity should adopt the same basis of the accounting disposal of the relevant assets or liabilities directly disposed by the investees according to the corresponding proportion. The owners' equity recognized owing to the changes of the other owners' equity except for the net gains and losses, other comprehensive income and the profits distribution of the investees, should be transferred into the current gains and losses according to the proportion.

For the long-term equity investment which adopts the cost method of measurement, if the remained equity still adopts the cost method, the other comprehensive income recognized owing to adopting the equity method for measurement or the recognition and measurement standards of financial instrument before acquiring the control of the investees, should adopt the same basis of the accounting disposal of the relevant assets or liabilities directly disposed by the investees and should be carried forward into the current gains and losses according to the proportion; the changes of the other owners' equity except for the net gains and losses, other comprehensive income and the profits distribution among the net assets of the investees which recognized by adopting the equity method for measurement, should be carried forward into the current gains and losses according to the proportion.

For those the Group lost the control of the investees by disposing part of the equity investment as well as the remained equity after disposal could execute joint control or significant influences on the investees, should change to measure by equity method when compiling the individual financial statement and should adjust the measurement of the remained equity to equity method as adopted since the time acquired; if the remained equity after disposal could not execute joint control or significant influences on the investees, should change the accounting disposal according to the relevant regulations of the recognition and measurement standards of financial instrument, and its difference between the fair value and book value on the date lose the control right should be included in the current gains and losses. For the other comprehensive income recognized by adopting equity method for measurement or the recognition and measurement standards of financial instrument before the Group acquired the control of the investees, should execute the accounting disposal by adopting the same basis of the accounting disposal of the relevant assets or liabilities directly disposed by the investees when lose the control of them, while the changes of the other owners' equity except for the net gains and losses, other comprehensive income and the profits distribution among the net assets of the investees which recognized by adopting the equity method for measurement, should be carried forward into the current gains and losses according to the proportion. Of which, for the disposed remained equity which adopted the equity method for measurement, the other comprehensive income and the other owners' equity should be carried forward according to the proportion; for the disposed remained equity which changed to execute the accounting disposal according to the recognition and measurement standards of financial instrument, the other comprehensive income and the other owners' equity should be carried forward in full amount.

For those the Group lost the control of the investees by disposing part of the equity investment, the disposed remained equity should change to calculate according to the recognition and measurement standards of financial instrument, and difference between the fair value and book value on the date lose the control right should be included in the current gains and losses. For the other comprehensive income recognized from the original equity investment by adopting the equity method, should execute the accounting disposal by adopting the same basis of the accounting disposal of the relevant assets or liabilities directly disposed by the investees when terminate the equity method for measurement, while for the owners' equity recognized owing to the changes of the other owner's equity except for the net gains and losses, other comprehensive income and the profits distribution of the investees, should be transferred into the current investment income with full amount when terminate adopting the equity method.

The Group respectively disposes the equity investment of the subsidiaries through multiple transactions until lose the control right, if the above transactions belongs to the package deal, should execute the accounting disposal by regarding each transaction as a deal of disposing the equity investment of the subsidiaries until lose the control right, while the difference between each expenses of the disposal and the book value of the long-term equity investment in accord with the disposed equity before losing the control right, should firstly be recognized as other comprehensive income then be transferred into the current gains and losses of losing the control right along until the time when lose it.

15. Investment real estates

Measurement mode of investment real estates

Measurement of cost method

Depreciation or amortization method

The term "investment real estates" refers to the real estates held for generating rent and/or capital appreciation. Investment real

estates of the Group include the right to use any land which has already been rented; the right to use any land which is held and prepared for transfer after appreciation; and the right to use any building which has already been rented.

The initial measurement of the investment real estate shall be made at its cost. Subsequent expenditures incurred for an investment real estate is included in the cost of the investment real estate when it is probable that economic benefits associated with the investment real estate will flow to the Group and the cost can be reliably measured, otherwise the expenditure is recognized in profit or loss in the period in which they are incurred.

The Group shall make a follow-up measurement to the investment real estates by employing the cost pattern on the date of the balance sheet. An accrual depreciation or amortization shall be made for the investment real estates in the light of the accounting policies of the use right of buildings or lands.

For details of impairment test method and withdrawal method of impairment provision of investment real estates, please refer to Note IV. 16. Impairment of Non-current Non-financial Assets.

When owner-occupied real estate or inventories are changed into investment real estate or investment real estate is changed into owner-occupied real estate, of which book value prior to the change shall be the entry value after the change.

When an investment real estate is changed to an owner-occupied real estate, it would be transferred to fixed assets or intangible assets at the date of such change. When an owner-occupied real estate is changed to be held to earn rental or for capital appreciation, the fixed asset or intangible asset is transferred to investment real estate at the date of such change. If the fixed asset or intangible asset is changed into investment real estate measured by adopting the cost pattern, whose book value prior to the change shall be the entry value after the change; if the fixed asset or intangible asset is changed into investment real estate measured by adopting the fair value pattern, whose fair value on the date of such change shall be the entry value after the change

An investment real estate is derecognized on disposal or when the investment real estate is permanently withdrawn from use and no future economic benefits are expected from its disposal. The amount of proceeds on sale, transfer, retirement or damage of an investment real estate less its carrying amount and related taxes and expenses is recognized in profit or loss in the period in which it is incurred.

16. Fixed assets

(1) Conditions for recognition

The term "fixed assets" refers to the tangible assets that simultaneously possess the features as follows: (a) they are held for the sake of producing commodities, rendering labour service, renting or business management; and (b) their useful life is in excess of one fiscal year. The fixed assets are only recognized when the relevant economic benefits probably flow in the Group and its cost could be reliably measured. The fixed assets should take the initial measurement according to the cost and at the same time consider the influences of the factors of the estimated discard expenses.

(2) Depreciation methods

Category of fixed assets	Method	Useful life	Expected net salvage value	Annual depreciation
Housing and building	Average method of useful life	15-24	2%-4%	4--6.53
Special equipment	Average method of useful life	3-15	2%-4%	6.4--32.67
General equipment	Average method of useful life	9-18	4.00%	5.33--10.67
Transportation vehicle	Average method of useful life	9	2.00%	10.89

(3) Recognition basis, pricing and depreciation method of fixed assets by finance lease

The "finance lease" shall refer to a lease that has transferred in substance all the risks and rewards related to the ownership of an asset.

Its ownership may or may not eventually be transferred. The fixed assets by finance lease shall adopt the same depreciation policy for self-owned fixed assets. If it is reasonable to be certain that the lessee will obtain the ownership of the leased asset when the lease term expires, the leased asset shall be fully depreciated over its useful life. If it is not reasonable to be certain that the lessee will obtain the ownership of the leased asset at the expiry of the lease term, the leased asset shall be fully depreciated over the shorter one of the lease term or its useful life.

17. Construction in progress

Construction in process is measured at actual cost. Actual cost comprises construction costs, borrowing costs that are eligible for capitalization before the fixed assets being ready for their intended use and other relevant costs. Construction in process is transferred to fixed assets when the assets are ready for their intended use.

18. Borrowing costs

The borrowing costs shall include interest on borrowings, amortization of discounts or premiums on borrowings, ancillary expenses, and exchange balance on foreign currency borrowings. When the borrowing costs can be directly attributable to the construction or production of assets eligible for capitalization, and the asset disbursements or the borrowing costs have already incurred, and the construction or production activities which are necessary to prepare the asset for its intended use or sale have already started, the capitalization of borrowing costs begins. When the asset eligible for capitalization under acquisition and construction or production is ready for the intended use or sale, the capitalization of the borrowing costs shall be ceased. Other borrowing costs shall be recognized as expenses when incurred.

The to-be-capitalized amount of interests shall be determined in light of the actual interests incurred of the specially borrowed loan at the present period minus the income of interests earned on the unused borrowing loans as a deposit in the bank or as a temporary investment; the enterprise shall calculate and determine the to-be-capitalized amount on the general borrowing by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements minus the general borrowing by the capitalization rate of the general borrowing used. The capitalization rate shall be calculated and determined in light of the weighted average interest rate of the general borrowing.

During the period of capitalization, the exchange balance on foreign currency special borrowings shall be capitalized; the exchange balance on foreign currency general borrowings shall be recorded into current profits and losses.

The term “assets eligible for capitalization” refers to the fixed assets, investment real estate, inventories and other assets, of which the acquisition and construction or production may take quite a long time to get ready for its intended use or for sale.

Where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended.

19. Biological assets

20. Oil-gas assets

21. Intangible assets

(1) Pricing method, useful life and impairment test

The term “intangible asset” refers to the identifiable non-monetary assets possessed or controlled by enterprises which have no physical shape.

The intangible assets shall be initially measured according to its cost. The costs related with the intangible assets, if the economic benefits related to intangible assets are likely to flow into the enterprise and the cost of intangible assets can be measured reliably, shall be recorded into the costs of intangible assets; otherwise, it shall be recorded into current profits and losses upon the occurrence.

The use right of land gained is usually measured as intangible assets. For the self-developed and constructed factories and other constructions, the related expenditures on use right of land and construction costs shall be respectively measured as intangible assets and fixed assets. For the purchased houses and buildings, the related payment shall be distributed into the payment for use right of land and the payment for buildings, if it is difficult to be distributed, the whole payment shall be treated as fixed assets.

For intangible assets with a finite service life, from the time when it is available for use, the cost after deducting the sum of the expected salvage value and the accumulated impairment provision shall be amortized by straight line method during the service life. While the intangible assets without certain service life shall not be amortized.

At the end of period, the Group shall check the service life and amortization method of intangible assets with finite service life, if there is any change, it shall be regarded as a change of the accounting estimates. Besides, the Group shall check the service life of intangible assets without certain service life, if there is any evidence showing that the period of intangible assets to bring the economic benefits to the enterprise can be prospected, it shall be estimated the service life and amortized in accordance with the amortization policies for intangible assets with finite service life.

(2) Accounting polices of internal R & D expenses

The expenditures for internal research and development projects of an enterprise shall be classified into research expenditures and development expenditures.

The research expenditures shall be recorded into the profit or loss for the current period.

The development expenditures shall be confirmed as intangible assets when they satisfy the following conditions simultaneously, and shall be recorded into profit or loss for the current period when they don't satisfy the following conditions.

- ① It is feasible technically to finish intangible assets for use or sale;
- ② It is intended to finish and use or sell the intangible assets;
- ③ The usefulness of methods for intangible assets to generate economic benefits shall be proved, including being able to prove that there is a potential market for the products manufactured by applying the intangible assets or there is a potential market for the intangible assets itself or the intangible assets will be used internally;
- ④ It is able to finish the development of the intangible assets, and able to use or sell the intangible assets, with the support of sufficient technologies, financial resources and other resources;
- ⑤ The development expenditures of the intangible assets can be reliably measured.

As for expenses that can't be identified as research expenditures or development expenditures, the occurred R & D expenses shall be all included in current profits and losses.

22. Impairment of long-term assets

For non-current financial Assets of fixed Assets, projects under construction, intangible Assets with limited service life, investing real estate with cost model, long-term equity investment of subsidiaries, cooperative enterprises and joint ventures, the Group should judge whether decrease in value exists on the date of balance sheet. Recoverable amounts should be tested for decrease in value if it exists. Other intangible Assets of reputation and uncertain service life and other non-accessible intangible assets should be tested for decrease in value no matter whether it exists.

If the recoverable amount is less than book value in impairment test results, the provision for impairment of differences should include in impairment loss. Recoverable amounts would be the higher of net value of asset fair value deducting disposal charges or present value of predicted cash flow. Asset fair value should be determined according to negotiated sales price of fair trade. If no sales agreement exists but with asset active market, fair value should be determined according to the Buyer's price of the asset. If no sales agreement or asset active market exists, asset fair value could be acquired on the basis of best information available. Disposal expenses include legal fees, taxes, cartage or other direct expenses of merchantable Assets related to asset disposal. Present value of predicted asset cash flow should be determined by the proper discount rate according to Assets in service and predicted cash flow of final disposal. Asset depreciation reserves should be calculated on the basis of single Assets. If it is difficult to predict the recoverable amounts for single Assets, recoverable amounts should be determined according to the belonging asset group. Asset group is the minimum asset combination producing cash flow independently.

In impairment test, book value of the business reputation in financial report should be shared to beneficial asset group and asset group combination in collaboration of business merger. It is shown in the test that if recoverable amounts of shared business reputation asset group or asset group combination are lower than book value, it should determine the impairment loss. Impairment loss amount should firstly be deducted and shared to the book value of business reputation of asset group or asset group combination, then deduct book value of all assets according to proportions of other book value of above assets in asset group or asset group combination except business reputation.

After the asset impairment loss is determined, recoverable value amounts would not be returned in future.

23. Amortization method of long-term deferred expenses

Long-term deferred expenses refer to general expenses with the apportioned period over one year (one year excluded) that have occurred but attributable to the current and future periods.

24. Payroll

(1) Accounting treatment of short-term compensation

Short-term compensation mainly including salary, bonus, allowances and subsidies, employee services and benefits, medical insurance premiums, birth insurance premium, industrial injury insurance premium, housing fund, labour union expenditure and personnel education fund, non-monetary benefits etc. The short-term compensation actually happened during the accounting period when the active staff offering the service for the Group should be recognized as liabilities and is included in the current gains and losses or relevant assets cost. Of which the non-monetary benefits should be measured according to the fair value.

(2) Accounting treatment of the welfare after demission

Welfare after demission mainly includes setting drawing plan. Of which setting the drawing plan mainly includes basic endowment insurance, unemployment insurance and annuity etc, and the corresponding payable and deposit amount should be included into the relevant assets cost or the current gains and losses when happen.

If an enterprise cancels the labour relationship with any employee prior to the expiration of the relevant labour contract or brings forward any compensation proposal for the purpose of encouraging the employee to accept a layoff, and should recognize the payroll liabilities occurred from the demission welfare base on the earlier date between the time when the Group could not one-sided withdraw the demission welfare which offered by the plan or layoff proposal owing to relieve the labour relationship and the date the Group recognizes the cost related to the reorganization of the payment of the demission welfare and at the same time includes which into the current gains and losses. But if the demission welfare is estimated that could not totally pay after the end of the annual report within 12 months, should be disposed according to other long-term payroll payment.

(3) Accounting treatment of the demission welfare

The inside employee retirement plan is treated by adopting the same principle with the above demission welfare. The group would recorded the salary and the social security insurance fees paid and so on from the employee's service terminative date to normal retirement date into current profits and losses (demission welfare) under the condition that they meet the recognition conditions of estimated liabilities.

(4) Accounting treatment of the welfare of other long-term staffs

The other long-term welfare that the Group offers to the staffs, if met with the setting drawing plan, should be accounting disposed according to the setting drawing plan, while the rest should be disposed according to the setting revenue plan.

25. Estimated liabilities

The company should recognize the related obligation as a provision for liability when the obligation meets the following conditions: (1) That obligation is a present obligation of the enterprise; (2) It is probable that an outflow of economic benefits from the enterprise will be required to settle the obligation; (3) A reliable estimate can be made of the amount of the obligation.

On the balance sheet date, an enterprise shall take into full consideration of the risks, uncertainty, time value of money, and other factors pertinent to the Contingencies to measure the estimated liabilities in accordance with the best estimate of the necessary expenses for the performance of the current obligation.

When all or some of the expenses necessary for the liquidation of an estimated liabilities of an enterprise is expected to be compensated by a third party, the compensation should be separately recognized as an asset only when it is virtually certain that the reimbursement will be obtained. Besides, the amount recognized for the reimbursement should not exceed the book value of the estimated liabilities.

(1) Loss contract

The term "loss contract" refers to a contract whose performance of the contractual obligations will inevitably incur costs in excess of the expected economic benefits. Where an executory contract turns to be a loss contract, and the obligations occur from the loss contract meet with the above recognition conditions of the estimated liabilities, should recognize the confirmed part of the impairment losses (if any) which estimated to loss exceed the underlying assets of the contract as the estimated liabilities.

(2) Reorganization obligations

For the reorganization plan which is specific, formal as well as had been public announced, if meet with the above recognition

conditions of the estimated liabilities, should recognize the amount of the estimated liabilities according to the direct expense related to the reorganization. For the reorganization obligations of the selling business, only when the Group commits to sell partly of the business (the time signed the restricted selling agreement), could recognize the relevant business of the reorganization.

26. Share-based payment

(1) Accounting treatment of share-based payment

Share-based payment refers to the transaction in order to require the service offered by the employees and other parties that grants the equity instruments or responsible for the liabilities recognized on the basis of the equity instruments. Share-based payment divided into equity-settled share-based payment and cash-settled share-based payment.

① Equity-settled share-based payment

It is a share-based payment settled by equity used for exchange the service offered by the staffs and be measured by the fair value on the grant date of granting the equity instrument for the staffs. When the services are fully rendered during vesting period or specified performance targets are met, based on the best estimate of the number of the vesting equity instruments during vesting period and according to the straight-line method to calculate and to include into the relevant cost or expenses/when using the vesting power immediately after the granting, should include the relevant cost or expenses on the grant date and correspondingly increase the capital reserve.

On each balance sheet date within the vesting period, the Group makes the best estimate base on the subsequent information newly required such as the changes of the vesting staffs' number to modify the number of the estimated vesting equity instrument. The above influences of the estimation should be included into the current relevant cost or expenses and correspondingly adjust the capital surplus.

For equity-settled share-based payment made in return of other parties' services and the fair value of the other parties' services can be reliably measured, it will be measured based on the fair value of the other parties' services on the date of grant; if the fair value of the other parties' services cannot be reliably measured but the fair value of equity instruments can be reliably measured, it will be recognized in relevant costs or expenses and the capital reserves shall be adjusted accordingly at the fair value of such instruments on the date of the grant.

② Cash-settled share-based payment

The cash-settled share-based payment should be measured according to the fair value of the liabilities recognized based on the shares or other equity instrument undertaken by the Group. For the cash-settled share-based payment made in return for the rendering of employee services that may be exercised immediately after the grant, the fair value of the liability incurred by the Group shall, on the date of the grant, be recognized in relevant costs or expenses and the liabilities shall be increased accordingly. For cash-settled share-based payment made in return for the rendering of employee services that cannot be exercised until the services are fully provided during the vesting period or specified performance targets are met, on each balance sheet date within the vesting period, the services acquired in the current period shall, based on the best estimate of the number of exercisable instruments, be recognized in relevant costs or expenses and the corresponding liabilities at the fair value of the liability incurred by the Group.

On each balance sheet date and the settlement date before the settlement of the relevant liabilities, the Group should re-measure the fair value of the liabilities and its changes should be included in the current gains and losses.

(2) Relevant accounting treatment about revision and termination of share-based payment plans

As to the revision on the share-based payment plan made by the Group, if the fair value of the granted equity instrument increases after the revision, it shall recognize the increase of the service gained according to the increase of the fair value of equity instrument. The increase of the fair value of equity instrument refers to the balance between the fair value on the revising date of the equity instruments before and after the revision. If the total fair value of share-base payment decreases after the revision or adopting other ways against the staffs in the revision, it shall continue to conduct accounting treatment on the service gained as if the revision never happens, only if the Group cancel partial or total granted equity instrument.

During the vesting period, if the Group cancels the granted equity instrument, the Group shall treat the cancel of granted equity instrument as accelerating the vesting, and includes the amount shall be recognized during the remained vesting period into current profit and loss, and also recognize the capital reserves. If staffs or other party can choose to meet the non-vesting conditions but not meets with them during the vesting period, which will be treated as the cancel of granted equity instrument by the Group.

(3) Accounting treatment of the share-based payment transactions involved with the Group, the shareholders of the Group or the actual controllers

The share-based equity payment transaction which involved with the Group, the shareholders or actual controllers of the Group, if one between the settlement enterprises and the service accepted enterprises are within the Group and the others are not, should be accounting disposed according to the following regulations in the consolidation financial statement of the Group:

① For the settlement enterprises settle by the equity instruments of itself, should dispose the share-based payment transaction as the share payment of the equity settlement; besides the rest should be disposed as the cash-settled share-based payment.

If the settlement enterprises accept the investor of the service enterprise, should recognize as the long-term equity investment on the enterprises which accept service according to the fair value of the equity instruments on the granted date or the fair value which should undertake the liabilities and at the same time be recognized as capital reserve (other capital reserve) or liabilities.

② For the enterprises accept the service without settlement obligations or the equity instruments granted for the staffs of the enterprises are its own instruments, the share-based payment transaction should be disposed as the equity-settled share-based payment; for the enterprises accept the service with the settlement obligations and the equity instruments are not its own instruments, the share-based payment transaction should be disposed as the cash-settled share-based payment.

The share-based payment transaction occur among each enterprise of the Group, if the enterprises accept service and the settlement enterprises are not the same enterprises, the recognition and the measurement of the share-based payment transaction among each individual financial statement of the service accepting enterprises and the settlement enterprises according to the above principles.

27. Other financial instruments such as preferred shares and perpetual capital securities

(1) Distinguish between perpetual capital securities and preferred shares etc.

The financial instruments such as perpetual capital securities and preferred shares issued by the Group that meet with the following conditions at the same time are regarded as equity instruments:

① the financial instruments not including the contact obligations such as pay for the cash or other financial assets to other parties, or to exchange the financial assets or financial liabilities under the potential disadvantages;

② if in the future have to use or could use the own equity instruments of the enterprises to settle the financial instruments, for example, the financial instruments are non-derivative instruments, there would be no contact obligations for delivering the variable own equity instruments for settlement; if they are derivative instruments, the Group could only settle the financial instruments through exchange its own equity instruments with a fixed number for the cash or other financial assets with fixed amount.

The other financial instruments issued by the Group should be classified into financial liabilities except for the financial instruments which could be classified into equity instruments according to the above conditions.

For the financial instruments issued by the Group which are complex financial instruments, should be recognized as an item of liabilities according to the fair value of the liabilities and at the same time be recognized as “other equity instruments” according to the amount that the actual received amount deduct the fair value of the liabilities. The transaction expenses occur when issuing the complex financial instruments should be shared according each proportion of the total issue price between the liabilities and the equities.

(2) Accounting treatment of perpetual capital securities and preferred shares etc.

The financial instruments such as the perpetual capital securities and preferred shares which be classified as financial liabilities, its relevant interests, dividends (or stock dividends), profits or losses, and the profits or losses occur from the redemption or the re-financing, should both be included in the current gains and losses except for the borrowing expenses that meet with the capitalization conditions (see details to Notes VI 17 “Borrowing expenses”).

For the financial instruments such as the perpetual capital securities and preferred shares which be classified as equity instruments, their issuance (including re-financing), re-purchase, selling or logout, the Group dispose them as the changes of the equities and the relevant transaction expenses are also minus from the equities. The Group disposes the distribution of the holder of the equity instruments as the profits distribution.

The Group not confirms the changes of the fair value of the equity instruments.

28. Revenue

No revenue from selling goods may be recognized unless the following conditions are met simultaneously: the significant risks and rewards of ownership of the goods have been transferred to the buyer by the enterprise; the enterprise retains neither continuous management right that usually keeps relation with the ownership nor effective control over the sold goods; the relevant amount of revenue can be measured in a reliable way; the relevant economic benefits may flow into the enterprise; and the relevant costs incurred or to be incurred can be measured in a reliable way.

(1) Providing labour services

If the Group can reliably estimate the outcome of a transaction concerning the labour services it provides, it shall recognize the revenue from providing services employing the percentage-of-completion method on the date of the balance sheet. The completed proportion of a transaction concerning the providing of labour services shall be decided by the proportion of the labour service already provided to the total labour service to provide.

The outcome of a transaction concerning the providing of labour services can be measured in a reliable way, means that the following

conditions shall be met simultaneously: ① The amount of revenue can be measured in a reliable way; ② The relevant economic benefits are likely to flow into the enterprise; ③ The schedule of completion under the transaction can be confirmed in a reliable way; and ④ The costs incurred or to be incurred in the transaction can be measured in a reliable way.

If the outcome of a transaction concerning the providing of labour services can not be measured in a reliable way, the revenue from the providing of labour services shall be recognized in accordance with the amount of the cost of labour services incurred and expected to be compensated, and make the cost of labour services incurred as the current expenses. If it is predicted that the cost of labour services incurred couldn't be compensated, thus no revenue shall be recognized.

Where a contract or agreement signed between Group and other enterprises concerns selling goods and providing of labour services, if the part of sale of goods and the part of providing labour services can be distinguished from each other and can be measured respectively, the part of sale of goods and the part of providing labour services shall be treated respectively. If the part of selling goods and the part of providing labour services can not be distinguished from each other, or if the part of sale of goods and the part of providing labour services can be distinguished from each other but can not be measured respectively, both parts shall be conducted as selling goods.

(2) Construction contract revenue

If the Group can reliably estimate the outcome of a construction contract, the contract revenue and the expenses should be recognized according to the percentage of completion method on the balance sheet date. The completion progress of the contract should be recognized according to the proportion of the accumulative actual occurred contact cost among the estimated total cost of the contact.

If the result of the construction contract is reliable for estimate refers to meet the following conditions at the same time: ① the total revenue of the contact could be reliable measured; ② the economic benefits related to the contact probably flow into the enterprises; ③ the contact cost actual occurred could be clearly distinguish as well as reliable measured; ④ the completion progress of the contact and cost which would still occur for completing the contact could be reliable confirmed.

If the result of the construction contract could not be reliable estimated while the contact cost could be returned, the contact revenue should be recognized according to the returnable actual contact cost, and the contact cost should be recognized as contact expenses as the period it occurs; if the contact cost could not be returned, should recognized as contact expenses immediately when it occurs and not be confirmed as contact revenue. For the disadvantage factor no longer exist which lead the result of the construction contract could not be reliable estimated, the revenue and expenses related to the construction contract should be recognized according to the completion percentage method.

If the estimated total cost of the contact exceeds the total revenue, the estimated losses should be recognized as current expenses.

The accumulatively occurred cost of the contact under construction and the accumulative confirmed gross margin (losses) as well as the settled price should be listed as the written-off net amount among the balance sheet. The amount the sum of the accumulatively occurred cost of the contact under construction and the accumulative confirmed gross margin (losses) which exceed the settled price should be listed as inventory; the part the settled price of the contact under construction exceeds the sum of the accumulatively occurred cost of the contact under construction and the accumulative confirmed gross margin (losses) should be listed as prepayments.

(3) Royalty revenue

In accordance with relevant contract or agreement, the amount of royalty revenue should be recognized as revenue on accrual basis.

(4) Interest revenue

The amount of interest revenue should be measured and confirmed in accordance with the length of time for which the Group's monetary fund is used by others and the agreed interest rate.

29. Government subsidies

(1) Judgment basis and accounting treatment of government subsidies related to assets

The government subsidies pertinent to assets shall be recognized as deferred income, equally distributed within the useful lives of the relevant assets, and included in the current profits and losses.

(2) Judgment basis and accounting treatment of government subsidies related to profits

The government subsidies pertinent to incomes shall be treated respectively in accordance with the circumstances as follows: those subsidies used for compensating the related future expenses or losses of the enterprise shall be recognized as deferred income and shall included in the current profits and losses during the period when the relevant expenses are recognized; or those subsidies used for compensating the related expenses or losses incurred to the enterprise shall be directly included in the current profits and losses.

30. Deferred income tax assets/deferred income tax liabilities

(1) Income tax of the current period

On the balance sheet date, for the current income tax liabilities (or assets) of the current period as well as the part formed during the previous period, should be measured by the income tax of the estimated payable (returnable) amount which be calculated according to the regulations of the tax law. The amount of the income tax payable which is based by the calculation of the current income tax expenses, are according to the result measured from the corresponding adjustment of the pre-tax accounting profit of 2014 which in accord to the relevant regulations of the tax law.

(2) Deferred income tax assets and deferred income tax liabilities

The difference between the book value of certain assets and liabilities and their tax assessment basis, as well as the temporary difference occurs from the difference between the book value of the items which not be recognized as assets and liabilities but could confirm their tax assessment basis according to the regulations of the tax law, the deferred income tax assets and the deferred income tax liabilities should be recognized by adopting liabilities law of the balance sheet.

No deferred tax liability is recognized for a temporary difference arising from the initial recognition of goodwill, the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible loss). Besides, no deferred tax assets is recognized for the taxable temporary differences related to the investments of subsidiary companies, associated enterprises and joint enterprises, and the investing enterprise can control the time of the reverse of temporary differences as well as the temporary differences are unlikely to be reversed in the expected future. Otherwise, the Group should recognize the deferred income tax liabilities arising from other taxable temporary difference.

No deferred taxable assets should be recognized for the deductible temporary difference of initial recognition of assets and liabilities arising from the transaction which is not business combination, the accounting profits will not be affected, nor will the taxable amount or deductible loss be affected at the time of transaction. Besides, no deferred taxable assets should be recognized for the deductible temporary difference related to the investments of the subsidiary companies, associated enterprises and joint enterprises, which are not likely to be reversed in the expected future or is not likely to acquire any amount of taxable income tax that may be used for making up such deductible temporary differences. Otherwise, the Company shall recognize the deferred income tax assets arising from a deductible temporary difference basing on the extent of the amount of the taxable income that is likely to be acquired to make up such deductible temporary differences

For any deductible loss or tax deduction that can be carried forward to the next year, the corresponding deferred income tax asset shall be determined to the extent that the amount of future taxable income to be offset by the deductible loss or tax deduction to be likely obtained.

On the balance sheet date, the deferred income tax assets and the deferred income tax liabilities shall be measured at the tax rate applicable to the period during which the assets are expected to be recovered or the liabilities are expected to be settled.

The book value of deferred income tax assets shall be reviewed at each balance sheet date. If it is unlikely to obtain sufficient taxable income to offset against the benefit of the deferred income tax asset, the book value of the deferred income tax assets shall be written down. Any such write-down should be subsequently reversed where it becomes probable that sufficient taxable income will be available.

(3) Income tax expenses

Income tax expenses include current income tax and deferred income tax.

The rest current income tax and the deferred income tax expenses or revenue should be included into current gains and losses except for the current income tax and the deferred income tax related to the transaction and events that be confirmed as other comprehensive income or be directly included in the shareholders' equity which should be included in other comprehensive income or shareholders' equity as well as the book value for adjusting the goodwill of the deferred income tax occurs from the business combination.

(4) Offset of income tax

The current income tax assets and liabilities of the Group should be listed by the written-off net amount which intend to executes the net amount settlement as well as the assets acquiring and liabilities liquidation at the same time while owns the legal rights of settling the net amount.

The deferred income tax assets and liabilities of the Group should be listed as written-off net amount when having the legal rights of settling the current income tax assets and liabilities by net amount and the deferred income tax and liabilities is relevant to the income tax which be collected from the same taxpaying bodies by the same tax collection and administration department or is relevant to the different taxpaying bodies but during each period which there is significant reverse of the deferred income assets and liabilities in the future and among which the involved taxpaying bodies intend to settle the current income tax and liabilities by net amount or are at the same time acquire the asset as well as liquidate the liabilities.

31. Lease

(1) Accounting treatment of operating lease

Business of operating leases recorded by the Group as the lessee

The rent expenses from operating leases shall be recorded by the lessee in the relevant asset costs or the profits and losses of the current period by using the straight-line method over each period of the lease term. The initial direct costs shall be recognized as the profits and losses of the current period. The contingent rents shall be recorded into the profits and losses of the current period in which they actually arise.

Business of operating leases recorded by the Group as the lessor

The rent incomes from operating leases shall be recognized as the profits and losses of the current period by using the straight-line method over each period of the lease term. The initial direct costs of great amount shall be capitalized when incurred, and be recorded into current profits and losses in accordance with the same basis for recognition of rent incomes over the whole lease term. The initial direct costs of small amount shall be recorded into current profits and losses when incurred. The contingent rents shall be recorded into the profits and losses of the current period in which they actually arise.

(2) Accounting treatments of financial lease

Business of finance leases recorded by the Group as the lessee

On the lease beginning date, the Group shall record the lower one of the fair value of the leased asset and the present value of the minimum lease payments on the lease beginning date as the entering value in an account, recognize the amount of the minimum lease payments as the entering value in an account of long-term account payable, and treat the balance between the recorded amount of the leased asset and the long-term account payable as unrecognized financing charges. Besides, the initial direct costs directly attributable to the leased item incurred during the process of lease negotiating and signing the leasing agreement shall be recorded in the asset value of the current period. The balance through deducting unrecognized financing charges from the minimum lease payments shall be respectively stated in long-term liabilities and long-term liabilities due within 1 year.

Unrecognized financing charges shall be adopted by the effective interest rate method in the lease term, so as to calculate and recognize current financing charges. The contingent rents shall be recorded into the profits and losses of the current period in which they actually arise.

Business of finance leases recorded by the Group as the lessor

On the beginning date of the lease term, the Group shall recognize the sum of the minimum lease receipts on the lease beginning date and the initial direct costs as the entering value in an account of the financing lease values receivable, and record the unguaranteed residual value at the same time. The balance between the sum of the minimum lease receipts, the initial direct costs and the unguaranteed residual value and the sum of their present values shall be recognized as unrealized financing income. The balance through deducting unrealized financing incomes from the finance lease accounts receivable shall be respectively stated in long-term claims and long-term claims due within 1 year.

Unrecognized financing incomes shall be adopted by the effective interest rate method in the lease term, so as to calculate and recognize current financing revenues. The contingent rents shall be recorded into the profits and losses of the current period in which they actually arise.

32. Other significant accounting policies and estimates

Operation termination refers to the compose part that meet with one of the following conditions which had been disposed by the Group or be classified to held-to-sold as well as could be individually distinguished in operating and compiling the financial statement: ① the compose part represents an individual main business or a main operation area; ② the compose part is a part intends to dispose and plan an individual main business or a main operation area; ③ the compose part is a subsidiary which be acquired only for resold.

For the details of the accounting treatment of the operation termination, please refer to the relevant description in Notes IV. 12 "Divided as held-to-sold assets"

33. Changes in main accounting policies and estimates**(1) Change of accounting policies**

Applicable Inapplicable

(2) Change of main accounting estimates

Applicable Inapplicable

34. Other**VI. Taxation****1. Main taxes and tax rate**

Category of taxes	Tax basis	Tax rate
VAT	Taxable income	13% 17%
Business tax	Taxable income	5%
Urban maintenance and construction tax	Turnover tax payable	5% 7%
Enterprise income tax	Income tax payable	25%
Education surtax	Turnover tax payable	3%

Notes of the disclosure situation of the taxpaying bodies with different enterprises income tax rate

Name	Income tax rate

2. Tax preference**3. Other****VII. Notes on major items in consolidated financial statements of the Company****1. Monetary funds**

Unit: RMB Yuan

Item	Closing balance	Opening balance
Bank deposits	427,847,092.10	418,847,736.46
Other monetary funds	6,000,000.00	4,500,000.00
Total	433,847,092.10	423,347,736.46

Other notes

Other monetary funds are the cash deposit of issuing the bank deposit and exchange bill.

2. Financial assets measured by fair value and the changes be included in the current gains and losses

Unit: RMB Yuan

Item	Closing balance	Opening balance
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Other notes:

3. Derivative financial assets Applicable Inapplicable**4. Notes receivable****(1) Notes receivable listed by category**

Unit: RMB Yuan

Item	Closing balance	Opening balance
Bank acceptance bill	34,739,079.89	2,874,466.50
Total	34,739,079.89	2,874,466.50

(2) Notes receivable pledged by the Company at the period-end

Unit: RMB Yuan

Item	Amount
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(3) Notes receivable which had endorsed by the Company or had discounted and had not due on the balance sheet date at the period-end

Unit: RMB Yuan

Item	Amount of recognition termination at the period-end	Amount of not terminated recognition at the period-end
Bank acceptance bill	188,605,461.70	
Total	188,605,461.70	

(4) Notes transferred to accounts receivable because drawer of the notes fails to executed the contract or agreement

Unit: RMB Yuan

Item	Amount of the notes transferred to accounts receivable at the period-end
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Other notes

5. Accounts receivable

(1) Accounts receivable disclosed by category

Unit: RMB Yuan

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Accounts receivable withdrawn bad debt provision according to credit risks characteristics	393,815,957.09	99.85%	27,973,608.84	7.10%	365,842,348.25	214,581,941.01	99.73%	18,946,028.26	8.83%	195,635,912.75
Accounts receivable with insignificant single amount for which bad debt provision separately accrued	584,457.52	0.15%	584,457.52	100.00%		584,457.52	0.27%	584,457.52	100.00%	
Total	394,400,414.61	100.00%	28,558,066.36	7.24%	365,842,348.25	215,166,398.53	100.00%	19,530,485.78	9.08%	195,635,912.75

Accounts receivable with significant single amount for which bad debt provision separately accrued at the period-end

□ Applicable √ Inapplicable

In the groups, accounts receivable adopting aging analysis method to accrue bad debt provision:

√ Applicable □ Inapplicable

Unit: RMB Yuan

Aging	Closing balance		
	Accounts receivable	Bad debt provision	Withdrawal proportion
Subitem within 1 year			
Within 1 year	384,194,246.74	19,209,712.33	5.00%
Subtotal within 1 year	384,194,246.74	19,209,712.33	5.00%
1 to 2 years	834,851.00	83,485.10	10.00%
2 to 3 years	0.46	0.14	30.00%
Over 3 years	8,786,858.89	8,680,411.27	98.79%
3 to 4 years	110,148.25	55,074.13	50.00%
4 to 5 years	102,747.00	51,373.50	50.00%

Over 5 years	8,573,963.64	8,573,963.64	100.00%
Total	393,815,957.09	27,973,608.84	7.10%

Notes of the basis of recognizing the group:

In the groups, accounts receivable adopting balance percentage method to withdraw bad debt provision

Applicable Inapplicable

In the groups, accounts receivable adopting other methods to accrue bad debt provision:

Accounts receivable with insignificant single amount for which bad debt provision separately accrued at the year-end

Accounts receivable (classified by units)	Year end balance			
	Accounts receivable	Bad debt provision	Withdraw proportion	Withdraw reason
Jiangxi Nanchang Red Valley Plant Protection Center	584,457.52	584,457.52	100.00%	No result after multiple collection and estimate to be unable to take back
Total	584,457.52	584,457.52	—	—

(2) Accounts receivable withdraw, reversed or collected during the reporting period

The withdrawal amount of the bad debt provision during the reporting period was of RMB 9,027,580.58; the amount of the reversed or collected part during the reporting period was of RMB 000.

Of which the significant amount of the reversed or collected part during the reporting period was of RMB 000:

Unit: RMB Yuan

Name of the units	Reversed or collected amount	Method

(3) The actual write-off accounts receivable

Unit: RMB Yuan

Item	Amount

Of which the significant actual write-off accounts receivable:

Unit: RMB Yuan

Name of the units	Nature	Amount	Reason	Process	Whether occurred from the related transactions

Notes of the write-off the accounts receivable:

(4) Top 5 of the closing balance of the accounts receivable collected according to the arrears party

Name of units	Year end balance	Aging	Proportion of the total year end balance of the accounts receivable (%)	Bad debt provision

Customer receivable A	30,539,877.44	Within 1 year	7.74	1,526,993.87
Customer receivable B	21,345,531.70	Within 1 year	5.41	1,067,276.59
Customer receivable C	17,283,147.20	Within 1 year	4.38	864,157.36
Customer receivable D	17,272,142.72	Within 1 year	4.38	863,607.14
Customer receivable E	15,644,011.56	Within 1 year	3.97	782,200.58
Total	102,084,710.62		25.88	5,104,235.53

(5) Account receivable which terminate the recognition owing to the transfer of the financial assets

(6) The amount of the assets and liabilities formed by the transfer and the continues involvement of accounts receivable

Other notes:

6. Prepayment

(1) List by aging analysis:

Unit: RMB Yuan

Aging	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	46,063,982.46	99.76%	19,334,348.47	99.43%
1 to 2 years	60,417.69	0.13%	60,417.69	0.31%
2 to 3 years	50,000.00	0.11%	50,000.00	0.26%
Total	46,174,400.15	--	19,444,766.16	--

Notes of the reasons of the prepayment ages over 1 year with significant amount but failed settled in time:

(2) Top 5 of the closing balance of the prepayment colleted according to the prepayment target

Name of the units	Relationship	Amount	Time	Reason
Supplier A	Non-related party	16,729,200.65	Within 1 year	Goods had not arrived
Supplier B	Non-related party	13,507,427.65	Within 1 year	Goods had not arrived
Supplier C	Non-related party	3,834,819.98	Within 1 year	Goods had not arrived
Supplier D	Non-related party	1,898,955.80	Within 1 year	Goods had not arrived

Supplier E	Non-related party	1,140,000.00	Within 1 year	Goods had not arrived
Total	--	37,110,404.08	--	--

Other notes:

7. Interest receivable

(1) Category of interest receivable

Unit: RMB Yuan

Item	Closing balance	Opening balance
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(2) Significant overdue interest

Borrower	Closing balance	Overdue time	Reason	Whether occurred impairment and its judgment basis
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Other notes:

8. Dividend receivable

(1) Dividend receivable

Unit: RMB Yuan

Item (or investees)	Closing balance	Opening balance
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(2) Significant dividend receivable aged over 1 year

Unit: RMB Yuan

Item (or investees)	Closing balance	Aging	Reason	Whether occurred impairment and its judgment basis
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Other notes:

9. Other accounts receivable

(1) Other accounts receivable disclosed by category

Unit: RMB Yuan

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

	Amount	Proportion	Amount	Withdrawal proportion	value	Amount	Proportion	Amount	Withdrawal proportion	
Other accounts receivable withdrawn bad debt provision according to credit risks characteristics	9,475,776.80	100.00%	5,420,657.61	57.20%	4,055,119.19	25,024,198.47	100.00%	5,344,601.82	21.36%	19,679,596.65
Total	9,475,776.80	100.00%	5,420,657.61	57.20%	4,055,119.19	25,024,198.47	100.00%	5,344,601.82	21.36%	19,679,596.65

Other accounts receivable with significant single amount for which bad debt provision separately accrued at the period-end

Applicable Inapplicable

In the groups, other accounts receivable adopting aging analysis method to accrue bad debt provision:

Applicable Inapplicable

Unit: RMB Yuan

Aging	Closing balance		
	Other accounts receivable	Bad debt provision	Withdrawal proportion
Subitem within 1 year			
Within 1 year	1,187,940.34	59,397.01	5.00%
Subtotal within 1 year	1,187,940.34	59,397.01	5.00%
1 to 2 years	200,000.00	20,000.00	10.00%
2 to 3 years	20,000.00	6,000.00	30.00%
Over 3 years	5,475,652.88	5,335,260.60	97.44%
3 to 4 years	270,784.57	135,392.29	50.00%
4 to 5 years	10,000.00	5,000.00	50.00%
Over 5 years	5,194,868.31	5,194,868.31	100.00%
Total	6,883,593.22	5,420,657.61	78.75%

Notes of the basis of recognizing the group:

In the groups, other accounts receivable adopting balance percentage method to withdraw bad debt provision

Applicable Inapplicable

In the groups, other accounts receivable adopting other methods to accrue bad debt provision:

Applicable Inapplicable

Name of group	Year end balance		
	Other accounts receivable	Bad debt provision	Withdrawal proportion (%)
Non-risk group	2,592,183.58		
Total	2,592,183.58		

Notes: the content of the non-risk group is the export tax refunds receivable.

(2) Accounts receivable withdraw, reversed or collected during the reporting period

The withdrawal amount of the bad debt provision during the reporting period was of RMB 76,055.79; the amount of the reversed or collected part during the reporting period was of RMB 000.

Of which the significant amount of the reversed or collected part during the reporting period was of RMB 000:

Unit: RMB Yuan

Name of units	Reversed or collected amount	Method
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(3) The actual write-off other accounts receivable

Unit: RMB Yuan

Item	Amount
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Of which the significant write-off other accounts receivable:

Unit: RMB Yuan

Name of units	Nature	Amount	Reason	Process	Whether occurred from the related transactions
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Notes of write-off other accounts receivable:

(4) Other accounts receivable classified by the nature of accounts

Unit: RMB Yuan

Nature	Closing book balance	Opening book balance
Export tax refunds	2,592,183.58	18,466,106.58
Liquidation amount of investment fund	3,398,275.80	3,398,275.80
Cash pledge	977,784.57	1,029,784.57
Pretty cash	701,578.35	714,696.62
Liquidation amount of goods payment	548,500.00	548,500.00
Freight	464,049.50	317,788.09
Margin	100,000.00	100,000.00
Other	693,405.00	449,046.81
Total	9,475,776.80	25,024,198.47

(5) Top 5 of the closing balance of the other accounts receivable collected according to the arrears party

Unit: RMB Yuan

Name of units	Nature	Closing balance	Aging	Proportion of the	Closing balance of
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				total year end balance of the accounts receivable	bad debt provision
Shantou Biyue Plastic Co., Ltd.	Settlement payment for unreturned investment accounts	3,125,000.00	Over 5 years	32.98%	3,125,000.00
Jingzhou Center Subtreasury of State Treasury	Export rebates receivable	2,592,183.58	Within 1 year	27.36%	
Hubei Jingzhou Shashi Agricultural Production Materials Co., Ltd.	Settlement payment for goods	548,500.00	Over 5 years	5.79%	548,500.00
Jingzhou Local railway Co., Ltd.	Advanced freight	464,049.50	Within 1 year	4.90%	23,202.48
Jingzhou Production Safety Supervision Bureau	Cash pledge	300,000.00	Over 5 years	3.17%	300,000.00
	--		--		
Total	--	7,029,733.08	--	74.19%	3,996,702.48

(6) Accounts receivable involved with government subsidies

Unit: RMB Yuan

Name of units	Project of government subsidies	Closing balance	Closing age	Estimated received time, amount and basis

(7) Other account receivable which terminate the recognition owing to the transfer of the financial assets

(8) The amount of the assets and liabilities formed by the transfer and the continues involvement of other accounts receivable

Other notes:

10. Inventory

(1) Category of inventory

Unit: RMB Yuan

Item	Closing balance			Opening balance		
	Book balance	Falling price	Book value	Book balance	Falling price	Book value

		reserves			reserves	
Raw materials	55,259,771.40	5,451,913.55	49,807,857.85	34,032,778.64	1,215,718.28	32,817,060.36
Goods in process	66,861,830.67	963,804.52	65,898,026.15	74,264,991.68	2,102,897.22	72,162,094.46
Inventory goods	230,950,251.68	4,843,730.42	226,106,521.26	237,121,880.01	12,537,290.76	224,584,589.25
Turnover materials	1,827,126.19		1,827,126.19	977,861.98		977,861.98
Total	354,898,979.94	11,259,448.49	343,639,531.45	346,397,512.31	15,855,906.26	330,541,606.05

(2) Falling price reserves of inventory

Unit: RMB Yuan

Item	Opening balance	Increased amount		Decreased amount		Closing balance
		Withdrawal	Other	Reverse or write-off	Other	
Raw materials	1,215,718.28	8,310,184.94		4,073,989.67		5,451,913.55
Goods in process	2,102,897.22	1,518,075.04		2,621,539.55		963,804.52
Inventory goods	12,537,290.76	8,685,095.60		16,414,284.13		4,843,730.42
Total	15,855,906.26	18,513,355.58		23,109,813.35		11,259,448.49
Item	Specific basis of withdrawal of falling price reserves of inventory		Reasons for reversal	Reasons for write-off		
Raw materials	Inventory cost larger than its variable net amount			Consumed		
Goods in process	Inventory cost larger than its variable net amount			Consumed		
Inventory goods	Inventory cost larger than its variable net amount			Sold		
Turnover materials						
Consumable biological assets						

(3) Notes of the closing balance of the inventory which includes capitalized borrowing expenses**(4) Completed unsettled assets formed from the construction contract at the period-end**

Unit: RMB Yuan

Item	Amount
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Other notes:

11. Assets divided as held-to-sold

Unit: RMB Yuan

Item	Closing book value	Fair value	Estimated disposal expense	Estimated disposal time

Other notes:

12. Non-current assets due within 1 year

Unit: RMB Yuan

Item	Closing balance	Opening balance

Other notes:

13. Other current assets

Unit: RMB Yuan

Item	Closing balance	Opening balance

Other notes:

14. Available-for-sale financial assets**(1) List of available-for-sale financial assets**

Unit: RMB Yuan

Item	Closing balance			Opening balance		
	Book balance	Depreciation reserves	Book value	Book balance	Depreciation reserves	Book value
Available-for-sale equity instruments	9,153,782.63		9,153,782.63	9,153,782.63		9,153,782.63
Measured by cost	9,153,782.63		9,153,782.63	9,153,782.63		9,153,782.63
Total	9,153,782.63		9,153,782.63	9,153,782.63		9,153,782.63

(2) Available-for-sale financial assets measured by fair value at the period-end

Unit: RMB Yuan

Category of the available-for-sale financial assets	Available-for-sale equity instruments	Available-for-sale liabilities instruments		Total

(3) Available-for-sale financial assets measured by cost at the period-end

Unit: RMB Yuan

Investee	Book balance				Impairment provision				Shareholding proportion among the investees	Cash bonus of the reporting period
	Period-begin	Increase	Decrease	Period-end	Period-begin	Increase	Decrease	Period-end		
Hubei Bank	8,008,982.63			8,008,982.63					0.71%	
Hubei Shendian Auto Motor Co., Ltd.	564,000.00			564,000.00					0.60%	
Guangxi Zhongding Co., Ltd.	580,800.00			580,800.00					1.41%	
Total	9,153,782.63			9,153,782.63					--	

(4) Changes of the impairment of the available-for-sale financial assets during the reporting period

Unit: RMB Yuan

Category of the available-for-sale financial assets	Available-for-sale equity instruments	Available-for-sale liabilities instruments		Total

(5) Relevant notes of the fair value of the available-for-sale equity instruments which seriously fell or temporarily fell but not withdrawn the impairment provision

Unit: RMB Yuan

Item of available-for-sale equity instruments	Investment cost	Fair value of the period-end	Falling range of the fair value against the cost	Continued falling time (month)	Withdrawn amount of impairment	Reason of not withdrawn the impairment

Other notes

15. Investment held-to-maturity**(1) List of investment held-to-maturity**

Unit: RMB Yuan

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value

(2) Significant held-to-maturity investment at the period-end

Unit: RMB Yuan

Bond item	Par value	Nominal interest rate	Actual interest rate	Due date

(3) Re-classified held-to-maturity investment during the reporting period

Other notes

16. Long-term accounts receivable**(1) List of long-term accounts receivable**

Unit: RMB Yuan

Item	Closing balance			Opening balance			Discount rate range
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value	

(2) Long-term accounts receivable which terminate the recognition owing to the transfer of the financial assets**(3) The amount of the assets and liabilities formed by the transfer and the continues involvement of long-term accounts receivable**

Other notes

17. Long-term equity investment

Unit: RMB Yuan

Investees	Opening balance	Increase/decrease								Closing balance	Closing balance of impairment
		Additional investment	Reduced investment	Gains and losses recognize	Adjustment of other	Changes of other equity	Cash bonus or profits	Withdrawal of impairment	Other		

		t		d under the equity method	comprehe nsive income		announce d to issue	nt provision			nt provision
I. Joint ventures											
II. Associated enterprises											

Other notes

18. Investment property**(1) Investment property adopted the cost measurement mode**

√ Applicable □ Inapplicable

Unit: RMB Yuan

Item	Houses and buildings	Land use right	construction in progress	Total
I. Original book value				
1. Opening balance	7,934,843.00			7,934,843.00
2. Increased amount of the period				
(1) Outsourcing				
(2) Transfer of inventory\fixed assets\project under construction				
(3) Increased from enterprise merger				
3. Decreased amount of the period				
(1) Disposal				
(2) Other transfer				
4. Closing balance	7,934,843.00			7,934,843.00
II. Accumulative depreciation and accumulative amortization				
1. Opening balance	2,570,914.72			2,570,914.72
2. Increased amount of the period	158,311.88			158,311.88

(1) Withdrawal or amortization	158,311.88			158,311.88
3. Decreased amount of the period				
(1) Disposal				
(2) Other transfer				
4. Closing balance	2,729,226.60			2,729,226.60
III. Depreciation reserves				
1. Opening balance				
2. Increased amount of the period				
(1) Withdrawal				
3. Decreased amount of the period				
(1) Disposal				
(2) Other transfer				
4. Closing balance				
IV. Book value				
1. Closing book value	5,205,616.40			5,205,616.40
2. Opening book value	5,363,928.28			5,363,928.28

(2) Investment property adopted fair value measurement mode

Applicable Inapplicable

(3) Details of investment property failed to accomplish certification of property

Unit: RMB Yuan

Item	Book value	Reason
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Other notes

19. Fixed assets**(1) List of fixed assets**

Unit: RMB Yuan

Item	Houses and buildings	Total
I. Original book value		
1. Opening balance	715,720,344.32	2,188,134,480.56
2. Increased amount of the period	158,222,103.63	592,973,821.18
(1) Purchase		10,088,309.32
(2) Transfer of project under construction	158,222,103.63	582,885,511.86
(3) Increased from enterprise merger		
3. Decreased amount of the period		4,099,261.66
(1) Disposal or scrap		4,099,261.66
4. Closing balance	873,942,447.95	2,777,009,040.08
II. Accumulative depreciation		
1. Opening balance	200,449,067.92	924,497,335.14
2. Increased amount of the period	16,604,238.57	94,263,333.78
(1) Withdrawal	16,604,238.57	94,263,333.78
3. Decreased amount of the period		4,014,186.30
(1) Disposal or scrap		4,014,186.30
4. Closing balance	217,053,306.49	1,014,746,482.62
III. Depreciation reserves		
1. Opening balance	2,848,203.34	14,810,750.66
2. Increased amount of the period		
(1) Withdrawal		
3. Decreased amount of the period		
(1) Disposal or scrap		

4. Closing balance	2,848,203.34	14,810,750.66
IV. Book value		
1. Closing book value	654,040,938.12	1,747,451,806.80
2. Opening book value	512,423,073.06	1,248,826,394.76

(2) List of temporarily idle fixed assets

Unit: RMB Yuan

Item	Original book value	Accumulative depreciation	Impairment provision	Book value	Notes
Houses and buildings	5,531,028.88	3,722,843.08	1,757,484.71	50,701.09	

(3) Fixed assets leased in from financing lease

Unit: RMB Yuan

Item	Original book value	Accumulative depreciation	Impairment provision	Book value

(4) Fixed assets leased out from operation lease

Unit: RMB Yuan

Item	Closing book value
Houses and buildings	5,363,928.28

(5) Details of fixed assets failed to accomplish certification of property

Unit: RMB Yuan

Item	Book value	Reason

Other notes

20. Construction in progress**(1) List of construction in progress**

Unit: RMB Yuan

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Ionic membrane				222,497,321.45		222,497,321.45

project (Zone B)						
Salt mine and sodium nitrate (Zone A)				136,688,326.31		136,688,326.31
110KV transformer substation and exterior line (Zone A)				47,436,445.22		47,436,445.22
Pesticide Plant I spermine amination wastewater treatment project				7,114,614.90		7,114,614.90
Dynamic 110KV ionic membrane substation access system	3,787,115.96		3,787,115.96	3,787,115.96		3,787,115.96
Other	8,890,765.76		8,890,765.76	4,633,197.86		4,633,197.86
Ionic membrane mating sewage treatment engineering	24,054,578.63		24,054,578.63			
Saline wastewater incineration project such as sewage N-phosphonomet hyliminodiacetic acid and glyphosate	13,696,991.56		13,696,991.56			
116 acres public engineering projects in Sanonda new area southeast corner	2,136,166.26		2,136,166.26			
10KV distribution circuit integration of Dynamic Sanonda Company	2,100,000.00		2,100,000.00			

Sewage emergency accidents pool and accident water collection	5,324,480.88		5,324,480.88	1,700,000.00		1,700,000.00
Project advanced payment	11,512,793.45		11,512,793.45			
Total	71,502,892.50		71,502,892.50	423,857,021.70		423,857,021.70

(2) Changes of significant construction in progress

Unit: RMB Yuan

Name of item	Estimated number	Opening balance	Increase d amount of the period	Amount that transferr ed to fixed assets of the period	Other decrease d amount of the period	Closing balance	Proporti on estimate d of the project accumul ative input	Project progress	Accumul ative amount of capitaliz ed interests	Of which: the amount of the capitaliz ed interests of the period	Capitaliz ation rate of the interests of the period	Capital resources
Ionic membrane project (Zone B)	374,599,000.00	222,497,321.45	70,917,275.53	293,414,596.98			78.33%	100%	11,151,441.43	2,376,273.17	6.40%	Loans to financial institutions
Salt mine and sodium nitrate (Zone A)	247,021,100.00	136,688,326.31	88,681,472.74	225,369,799.05			91.24%	100%	10,158,844.09	2,376,299.55	6.40%	Loans to financial institutions
110KV transformer substation and exterior line (Zone A)	89,365,800.00	47,436,445.22	4,081,195.74	51,517,640.96			57.65%	100%				Other
Pesticide Plant I	10,200,000.00	7,114,614.90	3,180,421.98	10,295,036.88			100.93%	100%				Other

spermine amination wastewater treatment project												
Saline wastewater incineration project such as sewage N-phosphonomet hyliminodiacetic acid and glyphosate	35,300,000.00		13,696,991.56			13,696,991.56	38.80%	38.8%				Other
Dynamic 110KV ionic membrane substation access system	4,900,000.00	3,787,115.96				3,787,115.96	77.29%	77.29%				Other
Sewage emergency accidents pool and accident water collection	8,200,000.00	1,700,000.00	3,624,480.88			5,324,480.88	64.93%	64.93%				Other
Ionic membrane mating	108,500,000.00		24,054,578.63			24,054,578.63	22.17%	22.17%				Other

sewage treatment engineering												
Total	878,085, 900.00	419,223, 823.84	208,236, 417.06	580,597, 073.87		46,863,1 67.03	--	--	21,310,2 85.52	4,752,57 2.72		--

(3) List of the withdrawal of the impairment provision of the construction in progress

Unit: RMB Yuan

Item	Withdrawn amount	Reason
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Other notes

21. Engineering material

Unit: RMB Yuan

Item	Closing balance	Opening balance
Special-purpose material	521,987.42	88,970,010.63
Total	521,987.42	88,970,010.63

Other notes:

The balance of the engineering material at the year-end is the special-purpose external-purchased for the items such as ionic membrane.

22. Liquidation of fixed assets

Unit: RMB Yuan

Item	Closing balance	Opening balance
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Other notes:

23. Productive biological assets**(1) Productive biological assets measured at cost methods**
 Applicable Inapplicable
(2) Productive biological assets measured at fair value
 Applicable Inapplicable
24. Oil and gas assets
 Applicable Inapplicable
25. Intangible assets

(1) Information

Unit: RMB Yuan

Item	Land use right	Patent	Non-patents	Other	Total
I. Total original book value					
1. Opening balance	204,865,439.07		14,943,699.96	2,500.00	219,811,639.03
2. Increase in the reporting period					
(1) Purchase					
(2) Internal R &D					
(3) Increase from enterprise combination					
3. Decrease in the reporting period					
(1) Purchase					
4. Closing balance	204,865,439.07		14,943,699.96	2,500.00	219,811,639.03
II. Total accrued amortization					
1. Opening balance	40,567,115.17		7,149,033.21	2,500.00	47,718,648.38
2. Increase in the reporting period	1,734,488.10		502,999.98		2,237,488.08
(1) Withdrawal	1,734,488.10		502,999.98		2,237,488.08
3. Decrease in the reporting period					
(1) Disposal					
4. Closing balance	42,301,603.27		7,652,033.19	2,500.00	49,956,136.46
III. Total impairment provision					
1. Opening balance	32,072,093.53				32,072,093.53
2. Increase in the reporting period					
(1) Withdrawal					

3. Decrease in the reporting period					
(1) Disposal					
4. Closing balance	32,072,093.53				32,072,093.53
IV. Total book value of intangible assets					
1. Book value of the period-end	130,491,742.27		7,291,666.77		137,783,409.04
2. Book value of the period-begin	132,226,230.37		7,794,666.75		140,020,897.12

The proportion the intangible assets formed from the internal R&D through the Company amount the balance of the intangible assets at the period-end.

(2) Details of fixed assets failed to accomplish certification of land use right

Unit: RMB Yuan

Item	Book value	Reason
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Other notes:

26. R&D expenses

Unit: RMB Yuan

Item	Opening balance	Increase	Decrease	Closing balance
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Other notes

27. Goodwill

(1) Original book value of goodwill

Unit: RMB Yuan

Name of the investees or the events formed goodwill	Opening balance	Increase	Decrease	Closing balance
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(2) Impairment provision of goodwill

Unit: RMB Yuan

Name of the investees or the events formed goodwill	Opening balance	Increase	Decrease	Closing balance
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Notes of the testing process of goodwill impairment, parameters and the recognition method of goodwill impairment losses:

Other notes

28. Long-term unamortized expenses

Unit: RMB Yuan

Item	Opening balance	Increase	Amortization amount	Decrease	Closing balance
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Other notes

29. Deferred income tax assets/deferred income tax liabilities

(1) Deferred income tax assets had not been off-set

Unit: RMB Yuan

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Assets impairment provision	58,402,470.62	14,600,617.66	52,796,551.11	13,199,137.78
Total	58,402,470.62	14,600,617.66	52,796,551.11	13,199,137.78

(2) Deferred income tax liabilities had not been off-set

Unit: RMB Yuan

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax liabilities	Deductible temporary difference	Deferred income tax liabilities

(3) Deferred income tax assets or liabilities listed by net amount after off-set

Unit: RMB Yuan

Item	Mutual set-off amount of deferred income tax assets and liabilities at the period-end	Amount of deferred income tax assets or liabilities after off-set at the period-end	Mutual set-off amount of deferred income tax assets and liabilities at the period-begin	Amount of deferred income tax assets or liabilities after off-set at the period-begin
Deferred income tax		14,600,617.66		13,199,137.78

assets				
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(4) List of unrecognized deferred income tax assets

Unit: RMB Yuan

Item	Closing amount	Opening amount
Deductible temporary difference	70,209,563.40	71,308,304.31
Deductible losses	51,356,774.22	51,356,774.22
Total	121,566,337.62	122,665,078.53

(5) Deductible losses of unrecognized deferred income tax assets will due the following years

Unit: RMB Yuan

Years	Closing amount	Opening amount	Note
Y 2015	117,087.68	117,087.68	
Y 2016	2,296,001.70	2,296,001.70	
Y 2017	4,936,338.43	4,936,338.43	
Y 2018	11,984,122.85	11,984,122.85	
Y 2019	32,023,223.56	32,023,223.56	
Total	51,356,774.22	51,356,774.22	--

Other notes:

30. Other non-current assets

Unit: RMB Yuan

Item	Closing balance	Opening balance
Land purchase and compensation shall	18,384,400.00	13,384,400.00
Total	18,384,400.00	13,384,400.00

Other notes:

31. Short-term loans**(1) Category of short-term loans**

Unit: RMB Yuan

Item	Closing balance	Opening balance
Mortgage loan	68,340,800.00	75,000,000.00
Guaranteed loan	190,000,000.00	

Total	258,340,800.00	75,000,000.00
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Notes of short-term loans category

The mortgage loans of the Company mainly were the loans acquired from the mortgage of the houses and buildings as well as lands. The guaranteed loans of the Company mainly were the loans acquired from the guarantee from the Jingzhou Sanonda Shareholding Co., Ltd., China National Agrochemical Company and China National Chemical Corporation for the Company.

(2) List of the short-term loans overdue but not return

The total amount of the overdue but not return short-term borrowings at the period-end was of RMB 000, of which the situation of the significant overdue but not return short-term borrowings as follows:

Unit: RMB Yuan

Borrower	Closing balance	Borrowing rate	Overdue time	Overdue rate
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Other notes:

32. Financial liabilities measured by fair value and the changes included in the current gains and losses

Unit: RMB Yuan

Item	Closing balance	Opening balance
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Other notes:

33. Derivative financial liabilities

Applicable Inapplicable

34. Notes payable

Unit: RMB Yuan

Category	Closing balance	Opening balance
Bank acceptance bill	50,000,000.00	15,000,000.00
Total	50,000,000.00	15,000,000.00

The total amount of the due but not pay notes payable at the period-end was of RMB 000.

35. Accounts payable

(1) List of accounts payable

Unit: RMB Yuan

Category	Closing balance	Opening balance
Within 1 year (including 1 year)	203,469,003.44	203,899,132.32

1 to 2 years (including 2 years)	6,527,317.56	10,223,689.60
2 to 3 years (including 3 years)	30,045.38	84,199.83
Over 3 years	2,295,206.69	2,579,253.02
Total	212,321,573.07	216,786,274.77

(2) Notes of the accounts payable aging over one year

Unit: RMB Yuan

Name of creditor	Amount	Unpaid reason
Jiangsu Leke Reli Technology Co., Ltd.	1,990,000.00	Unsettled
Sichuan Jinglei Pressure Container Manufacturing Co., Ltd.	1,294,200.00	Unsettled
Bao Se Special Equipment Co., Ltd.	788,800.00	Unsettled
Wuhan Aixue Weisi Mechanical Equipment Co., Ltd.	578,160.00	Unsettled
Shanghai Yu Long Mo Separation Equipment Co., Ltd.	498,000.00	Unsettled
Total	5,149,160.00	--

Other notes:

36. Advance from customers**(1) List of advance from customers**

Unit: RMB Yuan

Item	Closing balance	Opening balance
Within 1 year (including 1 year)	20,994,588.07	32,985,625.10
Over 1 years	1,736,428.00	1,844,839.55
Total	22,731,016.07	34,830,464.65

(2) Significant advance from customers aging over one year

Unit: RMB Yuan

Item	Closing balance	Unpaid/ Un-carry-over reason
Retailer A	129,250.00	Unsettled
Retailer B	111,800.00	Unsettled
Retailer C	100,000.00	Unsettled
Retailer D	100,000.00	Unsettled

Total	441,050.00	--
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(3) Particulars of settled but unfinished projects formed by construction contract at period-end.

Unit: RMB Yuan

Item	Amount
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Other notes:

37. Payroll payable**(1) List of Payroll payable**

Unit: RMB Yuan

Item	Opening balance	Increase	Decrease	Closing balance
I. Short-term salary	25,740,973.02	106,120,489.06	114,545,148.43	17,316,313.65
Total	25,740,973.02	106,120,489.06	114,545,148.43	17,316,313.65

(2) List of Short-term salary

Unit: RMB Yuan

Item	Opening balance	Increase	Decrease	Closing balance
1. Salary, bonus, allowance, subsidy	18,025,415.47	66,194,449.32	73,105,864.79	11,114,000.00
2. Employee welfare		3,486,881.68	3,486,881.68	
3. Social insurance	7,696,154.93	22,747,692.06	26,528,387.96	3,915,459.03
Including: 1. Medical insurance premiums	1,515,672.95	4,592,374.65	5,792,383.75	315,663.85
Work-related injury insurance	306,824.84	905,688.24	1,066,806.79	145,706.29
Maternity insurance	86,288.04	226,801.59	268,330.85	44,758.78
Basic pension benefits	4,581,831.58	12,755,363.70	15,173,179.36	2,164,015.92
Annuity	689,008.27	2,903,149.21	2,838,969.55	753,187.93
Unemployment insurance	516,529.25	1,364,314.67	1,388,717.66	492,126.26
4. Housing fund	19,402.62	13,391,466.00	11,224,014.00	2,186,854.62
5. Labor union budget and employee education budget		300,000.00	200,000.00	100,000.00
Total	25,740,973.02	106,120,489.06	114,545,148.43	17,316,313.65

(3) List of drawing scheme

Unit: RMB Yuan

Item	Opening balance	Increase	Decrease	Closing balance
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Other notes:

38. Taxes payable

Unit: RMB Yuan

Item	Closing balance	Opening balance
VAT	4,590,682.66	10,548,434.36
Resource tax	17,954.40	7,216.92
Business tax	33,207,458.54	57,100,869.86
Corporate income tax	1,171,991.88	355,234.25
Personal income tax	2,369.70	833,195.31
Urban maintenance and construction tax	93,824.62	48,112.29
Property tax	921,205.12	471,205.11
Land use tax	446,385.78	171,385.78
Education Surcharge	1,254.55	2,210,912.83
Other	261,115.15	305,337.58
Total	40,714,242.40	72,051,904.29

Other notes:

39. Interest payable

Unit: RMB Yuan

Item	Closing balance	Opening balance
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Particulars of significant overdue unpaid interest:

Unit: RMB Yuan

Entity	Overdue amount	Overdue reason
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Other notes:

40. Dividends payable

Unit: RMB Yuan

Item	Closing balance	Opening balance
Common stock dividends	250,000.00	250,000.00
Total	250,000.00	250,000.00

Note: Including significant unpaid dividends payable over one year, the unpaid reason shall be disclosed:

41. Other accounts payable

(1) Other accounts payable listed by nature of the account

Unit: RMB Yuan

Item	Closing balance	Opening balance
Carriage	9,327,213.82	11,705,414.25
Energy charge	935,400.00	5,286,764.80
Local charge	5,361,514.36	3,429,939.32
Commission	2,083,059.46	1,592,490.41
Cash pledge	2,047,963.11	1,390,763.11
Export price difference	1,175,349.11	1,153,378.24
Other	10,381,073.67	7,191,041.80
Total	31,311,573.53	31,749,791.93

(2) Other significant accounts payable with aging over one year

Unit: RMB Yuan

Item	Closing balance	Unpaid/ Un-carry-over reason
Hubei Haozhou Yunsheng Co., Ltd.	600,000.00	Margin
Qichun County Bureau for State-owned Assets	300,270.90	Unsettled
Total	900,270.90	--

Other notes:

42. Liabilities classified as holding for sale

Unit: RMB Yuan

Item	Closing balance	Opening balance
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Other notes:

43. Non-current liabilities due within 1 year

Unit: RMB Yuan

Item	Closing balance	Opening balance
Long-term loans due within 1 year	43,500,000.00	500,000.00
Total	43,500,000.00	500,000.00

Other notes:

44. Other current-liabilities

Unit: RMB Yuan

Item	Closing balance	Opening balance
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Changes on short term bonds payable:

Unit: RMB Yuan

Name of the bond	Book value	Issue date	Period	Issue amount	Opening balance	The current issue	Withdraw interest at par	Overflow discount amortization	Pay in current period		Closing period
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Other notes:

45. Long-term loan**(1) Category of long-term loan**

Unit: RMB Yuan

Item	Closing balance	Opening balance
Guaranteed loans	507,590,000.00	432,090,000.00
Less: Long-term loans due within 1 year	-43,500,000.00	-500,000.00
Total	464,090,000.00	431,590,000.00

Notes:

Other notes including interest rate range:

Guaranteed loans

Entity	Loan balance	Guarantee
Ex-im Bank	148,000,000.00	China National Agrochemical Corporation
Ex-im Bank	64,090,000.00	China National Chemical Corporation
CCB	252,000,000.00	China National Chemical Corporation
Total	464,090,000.00	—

46. Bonds payable**(1) Bonds payable**

Unit: RMB Yuan

Item	Closing balance	Opening balance
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(2) Changes on bonds payable (not including other financial instrument classified as preferred stock and perpetual capital securities of financial liabilities)

Unit: RMB Yuan

(3) Note to conditions and time of share transfer of convertible bonds

(4) Note to other financial instrument classified as financial liabilities

Basic information of preferred stock, perpetual capital securities and other financial instruments outstanding issued at period-end

Change list of preferred stock, perpetual capital securities and other financial instruments outstanding issued at period-end

Unit: RMB Yuan

Financial instruments outstanding issued	Opening period		Increase		Decrease		Closing period	
	Amount	Bok value	Amount	Bok value	Amount	Bok value	Amount	Bok value

Notes to the basis of other financial instrument classified as financial liabilities

Other notes:

47. Long-term payable

(1) Long-term payable listed by nature of the account

Unit: RMB Yuan

Item	Closing balance	Opening balance
Loan for glyphosate project	490,000.00	490,000.00
Borrowing for the cooperation project with Guangzhou Chemical Industry Research Institute	160,000.00	160,000.00
Total	650,000.00	650,000.00

Other notes:

48. Long term payroll payable

(1) List of long term payroll payable

Unit: RMB Yuan

Item	Closing balance	Opening balance
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(2) Changes of defined benefit plans

Present worth of defined benefit plans obligation:

Unit: RMB Yuan

Item	Reporting period	Last period
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Plan assets:

Unit: RMB Yuan

Item	Reporting period	Last period
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Net liabilities (net assets) of defined benefit plans

Unit: RMB Yuan

Item	Reporting period	Last period
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Notes to the influence of the content and related risk of defined benefit plans to the future cash flows, time and uncertainty of the Company:

Notes to analysis results of major actuarial assumptions and sensibility of defined benefit plans

Other notes:

49. Special payable

Unit: RMB Yuan

Item	Opening balance	Increase	Decrease	Closing balance	Formation reasons
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Other notes:

50. Accrued liabilities

Unit: RMB Yuan

Item	Closing balance	Opening balance	Formation reasons
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Other notes, including related important assumptions and estimates of accrued liabilities:

51. Deferred income

Unit: RMB Yuan

Item	Opening balance	Increase	Decrease	Closing balance	Formation reasons
Government subsidies	22,754,814.82		1,924,444.44	20,830,370.38	
Total	22,754,814.82		1,924,444.44	20,830,370.38	--

Items involved in government subsidies:

Unit: RMB Yuan

Item	Opening balance	Amount of newly subsidy	Amount accrued in non-business	Other changes	Closing balance	Related to the assets/ income
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			income			
Pyridine project	7,866,666.67		491,666.66		7,375,000.01	Related to the assets
Government Subsidy for Highly toxic pesticide	3,106,666.67		388,333.34		2,718,333.33	Related to the assets
Special fund for management of source of pollution	977,777.76		122,222.22		855,555.54	Related to the assets
Special fund for transferring environmental protection deferred	600,000.01		33,333.34		566,666.67	Related to the assets
Appropriation for CTC consuming and eliminating project	3,916,666.67		500,000.00		3,416,666.67	Related to the assets
Special fund for industry clean production	6,287,037.04		388,888.88		5,898,148.16	Related to the assets
Total	22,754,814.82		1,924,444.44		20,830,370.38	--

Other notes:

52. Other non-current liabilities

Unit: RMB Yuan

Item	Closing balance	Opening balance
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Other notes:

53. Share capital

Unit: RMB Yuan

	Opening balance	Increase/decrease (+/-)					Closing balance
		Newly issue share	Bonus shares	Capitalization of public reserves	Other	Subtotal	

The sum of shares	593,923,220.00						593,923,220.00
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Other notes:

54. Other equity instruments

(1) Basic information of preferred stock, perpetual capital securities and other financial instruments outstanding issued at period-end

(2) Change list of preferred stock, perpetual capital securities and other financial instruments outstanding issued at period-end

Unit: RMB Yuan

Financial instruments outstanding issued	Opening period		Increase		Decrease		Closing period	
	Amount	Book value	Amount	Book value	Amount	Book value	Amount	Book value

Changes, reason of change and basis of relevant accounting treatment of other equity instruments in reporting period:

Notes:

55. Capital reserves

Unit: RMB Yuan

Item	Opening balance	Increase	Decrease	Closing balance
Capital premium	254,688,951.94			254,688,951.94
Other capital reserves	8,495,091.72			8,495,091.72
Total	263,184,043.66			263,184,043.66

Other notes, including changes and reason of change:

56. Treasury stock

Unit: RMB Yuan

Item	Opening balance	Increase	Decrease	Closing balance

Other notes, including changes and reason of change:

57. Other comprehensive income

Unit: RMB Yuan

Item	Opening balance	Reporting period					Closing balance
		Amount incurred	Less: Amount transferred	Less: income tax	After-tax attribute to	After-tax attribute to	

		before income tax	into profit and loss in the current period that recognized into other comprehensive income in prior period	expense	the parent company	minority shareholder	
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Other notes, including the adjustment of the recognition of initial amount of effective part of the cash flow hedging gains and losses transfer into arbitrated items:

58. Special reserves

Unit: RMB Yuan

Item	Opening balance	Increase	Decrease	Closing balance
Safety production cost	15,425,099.43	5,396,847.50	198,113.09	20,623,833.84
Total	15,425,099.43	5,396,847.50	198,113.09	20,623,833.84

Other notes, including changes and reason of change:

59. Surplus reserves

Unit: RMB Yuan

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserves	174,233,300.21			174,233,300.21
Discretionary surplus reserves	3,815,085.65			3,815,085.65
Total	178,048,385.86			178,048,385.86

Other note, including changes and reason of change

60. Retained profits

Unit: RMB Yuan

Item	Amount	Withdrawal or distributed proportion
Opening balance of retained profits before adjustments	957,050,401.65	546,688,770.98
Opening balance of retained profits after adjustments	957,050,401.65	546,688,770.98
Add: Net profit attributable to owners of the	117,678,175.59	288,406,597.13

Company		
Dividend of common stock payable	59,392,322.00	29,696,161.00
Closing retained profits	1,015,336,255.24	805,399,207.11

List of adjustment of opening retained profits:

- 1) RMB 000 opening retained profits was affected by retrospective adjustment conducted according to the Accounting Standards for Business Enterprises and relevant new regulations.
- 2) RMB 000 opening retained profits was affected by changes on accounting policies.
- 3) RMB 000 opening retained profits was affected by correction of significant accounting errors.
- 4) RMB 000 opening retained profits was affected by changes in combination scope arising from same control.
- 5) RMB 000 opening retained profits was affected totally by other adjustments.

61. Revenue and Cost of Sales

Unit: RMB Yuan

Item	2015		2014	
	Revenue	Cost	Revenue	Cost
Main operation	1,227,923,283.93	937,967,817.10	1,684,628,595.44	1,165,187,638.55
Other operation	7,328,398.88	3,799,812.61	15,652,829.24	11,302,135.33
Total	1,235,251,682.81	941,767,629.71	1,700,281,424.68	1,176,489,773.88

62. Business tax and surcharges

Unit: RMB Yuan

Item	2015	2014
Business tax	70,084.09	107,387.38
Urban maintenance and construction tax	4,834,274.92	1,767,227.45
Education surtax	2,071,832.10	760,383.19
Local education surtax	1,381,221.42	504,922.11
Other	529,708.31	481,313.30
Total	8,887,120.84	3,621,233.43

Other notes:

63. Sales expenses

Unit: RMB Yuan

Item	2015	2014
Transport fees	14,734,431.08	11,938,710.71
Export fees	13,559,127.57	22,553,365.76

Employee's remuneration	3,340,894.15	3,319,894.15
Packing charges	89,643.44	44,288.73
Handling charges	1,309,472.58	885,532.23
Advertising and general publicity expense	265,010.60	458,775.24
Insurance expenses	146,304.81	1,062,369.22
Other	3,096,991.28	2,933,605.78
Total	36,541,875.51	43,196,541.82

Other notes:

64. Administrative expenses

Unit: RMB Yuan

Item	2015	2014
Employee's remuneration	21,524,335.60	19,382,802.77
Tax expenses	4,800,588.89	4,021,054.50
Depreciation charge	3,383,428.40	2,863,884.93
Amortization of intangible assets	2,237,488.08	1,997,129.77
Business entertainment fees	930,935.70	1,303,008.30
Property Insurance expenses	1,650,150.85	1,656,713.47
Water & electricity fees	1,010,581.92	1,463,693.86
Office expenses	849,115.95	639,059.81
Amortization of low-price consumables	1,362,828.63	1,073,814.63
Business travel charges	322,395.70	395,730.20
Vehicle costs	198,507.31	389,182.04
Board of directors' expenses	232,314.55	442,270.71
Advertising expense	107,339.00	43,913.94
Rental expense	433,548.00	435,548.00
Technology transfer expense	444,245.29	541,886.78
Loss on work stoppages	6,241,343.86	11,431,479.83
Other	3,194,760.56	8,413,311.88
Total	48,923,908.29	56,494,485.42

Other notes:

65. Financial expenses

Unit: RMB Yuan

Item	2015	2014
Interest expenses	16,900,804.69	27,051,166.28
Interest income	-2,421,475.63	-2,349,355.40
Amount of capitalized interest	-4,752,572.72	-5,957,293.29
Exchange gains and losses	2,332,330.66	-3,527,194.50
Other	1,833,929.49	2,034,609.79
Total	13,893,016.49	17,251,932.88

Other notes:

66. Asset impairment loss

Unit: RMB Yuan

Item	2015	2014
I. Bad debt loss	9,103,636.37	10,053,228.60
II. Inventory falling price loss	18,513,355.58	1,139,736.24
Total	27,616,991.95	11,192,964.84

Notes: the asset impairment loss increased 146.74%, when compared to that in last year, mainly because the part of the finished goods withdrawing inventory falling price loss increased.

67. Gains on the changes in the fair value

Unit: RMB Yuan

Source	2015	2014

Other notes:

68. Investment income

Unit: RMB Yuan

Item	2015	2014

Other notes:

69. Non-operating gains

Unit: RMB Yuan

Item	2015	2014	Recorded in the amount of the non-recurring gains and losses

Total gains from disposal of non-current assets		12,201.92	
Including: Gains from disposal of fixed assets		12,201.92	
Government grants	2,909,544.44	1,367,962.96	2,909,544.44
Confiscated income	27,835.00	54,739.10	27,835.00
Other		13,500.00	
Total	2,937,379.44	1,448,403.98	2,937,379.44

Government subsidies recorded into current profits and losses

Unit: RMB Yuan

Item	2015	2014	Related to the assets/ income
Government Subsidy for Highly toxic pesticide	388,333.34	388,333.33	Related to the assets
Special fund for management of source of pollution	122,222.22	122,222.23	Related to the assets
Sewage disposal subsidies	33,333.34	33,333.33	Related to the assets
The subsidies income of pesticides federal reserve of 2013/2014	785,100.00		Related to the income
Special funds of mineral resource conservation and comprehensive utilization	500,000.00	500,000.00	Related to the assets
Special fund for industry clean production	388,888.88	324,074.07	Related to the assets
Pyridine project	491,666.66		Related to the assets
Special fund for safety production in 2014 from Jingzhou	200,000.00		Related to the income
Total	2,909,544.44	1,367,962.96	--

Other notes:

70. Non-operating expenses

Unit: RMB Yuan

Item	2015	2014	The amount included in the
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			current non-recurring gains and losses
Loss on disposal of non-current assets	7,689.72		7,689.72
Including: Loss on disposal of fixed assets	7,689.72		7,689.72
Other	7,120.35	278,888.58	7,120.35
Total	14,810.07	278,888.58	14,810.07

Other notes:

71. Income tax expense

(1) Lists of income tax expense

Unit: RMB Yuan

Item	2015	2014
Current income tax expense	44,300,841.29	104,903,110.35
Deferred income tax expense	-1,401,479.88	86,357.24
Total	42,899,361.41	104,989,467.59

(2) Adjustment process of accounting profit and income tax expense

Unit: RMB Yuan

Item	2015
Total profits	160,543,709.39
Current income tax expense accounted by tax and relevant regulations	40,135,927.35
Influence of not deductible costs, expenses and losses	3,537,287.15
Influence of not paying income tax due to subsidiary losses	627,626.79
Influence of deferred income tax assets	-1,401,479.88
Income tax expense	42,899,361.41

Other notes:

72. Other comprehensive income

Refer to the notes

73. Supplementary information to cash flow statement**(1) Other cash received relevant to operating activities**

Unit: RMB Yuan

Item	2015	2014
Interest income	2,421,475.63	2,349,355.40
Fiscal subsidies	985,100.00	7,000,000.00
Allowance for payment and others, etc.	2,651,426.93	2,933,218.15
Collect A/B shares withholding individual income tax	4,210,806.28	1,672,165.76
Total	10,268,808.84	13,954,739.31

Notes:

(2) Other cash paid relevant to operating activities

Unit: RMB Yuan

Item	2015	2014
Transport fees	14,734,431.08	11,938,710.71
Export fees	8,496,297.26	16,251,619.72
Handling charges	1,309,472.58	885,532.23
Entertainment expenses	930,935.70	1,303,008.30
Utilities fees	1,010,581.92	1,463,693.86
Office expense	849,115.95	639,059.81
Insurance expenses	1,796,455.66	2,719,082.69
Advertising and general publicity expense	265,010.60	458,775.24
Other	3,603,859.98	6,559,739.04
Total	32,996,160.73	42,219,221.60

Notes:

(3) Other cash received relevant to investment activity

Unit: RMB Yuan

Item	2015	2014
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Notes:

(4) Other cash paid relevant to investment activity

Unit: RMB Yuan

Item	2015	2014
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Notes:

(5) Other cash received relevant to financing activities

Unit: RMB Yuan

Item	2015	2014
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Notes:

(6) Other cash paid relevant to financing activities

Unit: RMB Yuan

Item	2015	2014
Freeze of margin notes	1,500,000.00	21,000,000.00
Loan guarantee fees paying for Sanonda Co., Ltd.		1,570,000.00
Total	1,500,000.00	22,570,000.00

Notes:

74. Supplementary information to cash flow statement**(1) Information of net profit to net cash flows generated from operating activities**

Unit: RMB Yuan

Item	2015	2014
1. Reconciliation of net profit to net cash flows generated from operating activities	--	--
Net profit	117,644,347.98	288,214,540.22
Add: Provision for impairment of assets	27,616,991.95	11,192,964.84
Depreciation of fixed assets, of oil-gas assets, of productive biological assets	94,263,333.78	86,325,714.07
Amortization of intangible assets	2,237,488.08	1,997,114.46
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains: negative)	7,689.72	-12,201.92
Financial cost (gains: negative)	12,148,231.97	23,128,482.78

Decrease in deferred income tax assets (gains: negative)	-1,401,479.88	86,357.24
Decrease in inventory (gains: negative)	-31,611,280.98	-67,552,828.66
Decrease in accounts receivable from operating activities (gains: negative)	-195,550,207.80	-180,916,872.23
Increase in payables from operating activities (decrease: negative)	-44,631,864.20	211,647,494.95
Net cash flows generated from operating activities	-19,276,749.38	374,110,765.75
2. Investing and financing activities that do not involving cash receipts and payment:	--	--
3. Net increase in cash and cash equivalents	--	--
Closing balance of cash	427,847,092.10	455,907,972.05
Less: Opening balance of cash	418,847,736.46	410,065,921.21
Net increase in cash and cash equivalents	8,999,355.64	45,842,050.84

(2) Net Cash paid of obtaining the subsidiary

Unit: RMB Yuan

	Amount
Of which:	--
Of which:	--
Of which:	--

Notes:

(3) Net Cash receive of disposal of the subsidiary

Unit: RMB Yuan

	Amount
Of which:	--
Of which:	--
Of which:	--

Notes:

(4) Cash and cash equivalents

Unit: RMB Yuan

Item	Closing balance	Opening balance
------	-----------------	-----------------

I. Cash	427,847,092.10	418,847,736.46
Bank deposit on demand	427,847,092.10	418,847,736.46
III. Closing balance of cash and cash equivalents	427,847,092.10	418,847,736.46

Notes:

75. Note of statement of changes in the owner's equity

Explain "other" project name and adjustment amount of the adjustment of closing balance in previous year, etc.:

76. The assets with the ownership or use right restricted

Unit: RMB Yuan

Item	Closing book value	Restricted reason
Monetary capital	6,000,000.00	Cash deposit of bank acceptance
Fix assets	66,123,283.24	pledge
Intangible assets	35,507,758.03	pledge
Total	107,631,041.27	--

Notes:

77. Foreign currency monetary items**(1) Foreign currency monetary items**

Unit: RMB Yuan

Item	Closing foreign currency balance	Exchange rate	Closing convert to RMB balance
Monetary capital	--	--	8,758,839.25
Including: USD	1,432,678.63	6.1136	8,758,824.06
HKD	19.26	0.7886	15.19
Account receivable	--	--	269,632,070.36
Including: USD	44,103,649.30	6.1136	269,632,070.36

Notes:

(2) Note to oversea entities including: for significant oversea entities, shall disclose main operating place, recording currency and selection basis, if there are changes into recording currency, shall also disclose the reason.

Applicable Inapplicable

78. Arbitrage

According to arbitrage category to disclose arbitrage item, relevant arbitrage tools and the arbitrated risk qualitative and quantitative information:

79. Other**VIII. Changes of merge scope****1. Business merger not under same control****(1) Business merger not under same control in reporting period**

Unit: RMB Yuan

Name of acquiree	Time and place of gaining the stock rights	Cost of gaining the stock rights	Proportion of stock rights	Way to gain the stock rights	Purchase date	Recognition basis of purchase date	Income of acquiree during the purchase date to period-end	Net profits of acquiree during the purchase date to period-end

Notes:

(2) Combined cost and goodwill

Unit: RMB Yuan

Combined cost	
---------------	--

Notes to determination method, consideration and changes of fair value of combined cost:

The main formation reason for the large goodwill:

Other notes:

(3) The identifiable assets and liabilities of acquiree at purchase date

Unit: RMB Yuan

	Fair value on purchase date	Book value on purchase date

The recognition method of the fair value of identifiable assets and liabilities

Contingent liability of acquiree undertaken by business merger

Other notes:

(4) The profit or loss from equity held by the date before acquisition in accordance with the fair value measured again

Whether there is a transaction that through multiple transaction step by step to realize enterprises merger and gaining the control

during the reporting period

Yes No

(5) Note to merger could not be determined reasonable consideration or Identifiable assets, Fair value of liabilities of the acquiree at acquisition date or closing period of the merge

(6) Other notes:

2. Business combination under the same control

(1) Business combination under the same control during the reporting period

Unit: RMB Yuan

Combined party	Proportion of the profits	Basis	Combination date	Recognition basis of combination date	Income from the period-begin to the combination date of the combination	Net profits from the reporting period to the combination date of the combination	Income during the period of comparison	Net profits during the period of comparison

Notes:

(2) Combination cost

Unit: RMB Yuan

Combination cost	
------------------	--

Notes to contingent consideration or other changes:

Other notes:

(3) The book value of the assets and liabilities of the combined party at combining date

Unit: RMB Yuan

	Combination date	Last closing period

Contingent liabilities of the combined party undertaken in combination

Other notes:

3. Counter purchase

Basic information of trading, the basis of transactions constitute counter purchase, the retain assets, liabilities of the listed companies whether constituted a business and its basis, the determination of the combination costs, the amount and calculation of adjusted rights and interests in accordance with the equity transaction process.

4. The disposal of subsidiary

Whether there is a single disposal of the investment to subsidiary and lost control

Yes No

Whether there are multiple transactions step by step dispose the investment to subsidiary and lost control in reporting period

Yes No

5. Other reasons for the changes in combination scope

Notes to reasons for the changes in combination scope (Newly established subsidiary and subsidiary of liquidation) and relevant information:

6. Other

IX. Equity in other entities

1. Equity in subsidiary

(1) The structure of the enterprise group

Name of the subsidiary	Main operating place	Registration place	Nature of business	Proportion of shareholding		Way of gaining
				Directly	Indirectly	
Sanonda (Jingzhou) Pesticide & Chemical Co., Ltd.	Jingzhou	Jingzhou	Manufacturing industry	100.00%		Investment
Hubei Sanonda Foreign Trading Co., Ltd.	Jingzhou	Jingzhou	Trading	100.00%		Investment
Jingzhou Huaxiang Chemical Co., Ltd.	Jingzhou	Jingzhou	Manufacturing industry	98.50%		Under the same control business combination

Notes: holding proportion in subsidiary different from voting proportion:

Basis of holding half or less voting rights but still been controlled investee and holding more than half of the voting rights not been controlled investee:

Significant structure entities and controlling basis in the scope of combination:

Basis of determine whether the Company is the agent or the principal:

Other notes:

(2) Significant not wholly owned subsidiary

Unit: RMB Yuan

Name	Shareholding proportion of minority shareholder	The profits and losses arbitrate to the minority shareholders	Declaring dividends distribute to minority shareholder	Balance of minority shareholder at closing period
Jingzhou Huaxiang Chemical Co., Ltd.	1.50%	-33,827.61		-269,544.22

Holding proportion of minority shareholder in subsidiary different from voting proportion:

Other notes:

(3) The main financial information of significant not wholly owned subsidiary

Unit: RMB Yuan

Name	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liability	current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liability
Jingzhou Huaxiang Chemical Co., Ltd.	13,759,947.00	158,260,140.66	172,020,087.66	182,614,701.87	7,375,000.01	189,989,701.88	12,474,580.82	166,838,012.26	179,312,593.08	187,160,366.87	7,866,666.67	195,027,033.54

Unit: RMB Yuan

Name	2015				2014			
	Operation revenue	Net profit	Total comprehensive income	Operating cash flow	Operation revenue	Net profit	Total comprehensive income	Operating cash flow
Jingzhou Huaxiang Chemical Co., Ltd.	78,462,515.11	-2,255,173.76	-2,255,173.76	-1,489,419.04	13,254,225.43	-12,803,793.96	-12,803,793.96	-3,706,713.92

Other notes:

(4) Significant restrictions of using enterprise group assets and pay off enterprise group debt**(5) Provide financial support or other support for structure entities incorporate into the scope of consolidated financial statements**

Other notes:

2. The transaction of the Company with its owner's equity share changed but still controlling the subsidiary**(1) Note to owner's equity share changed in subsidiary****(2) The transaction's influence to equity of minority shareholders and attributable to the owner's equity of the parent company**

Unit: RMB Yuan

--	--

Other notes:

3. Equity in joint venture arrangement or associated enterprise**(1) Significant joint venture arrangement or associated enterprise**

Name	Main operating place	Registration place	Business nature	Proportion		Accounting treatment of the investment of joint venture or associated enterprise
				Directly	Indirectly	

Notes to holding proportion of joint venture or associated enterprise different from voting proportion:

Basis of holding less than 20% of the voting rights but has a significant impact or holding 20% or more voting rights but does not have a significant impact:

(2) Main financial information of significant joint venture

Unit: RMB Yuan

	Closing balance /2015	Opening balance/2014

Other notes:

(3) Main financial information of significant associated enterprise

Unit: RMB Yuan

	Closing balance /2015	Opening balance/2014

Other notes:

(4) Summary financial information of insignificant joint venture or associated enterprise

Unit: RMB Yuan

	Closing balance /2015	Opening balance/2014
Joint venture:	--	--
The total of following items according to the shareholding proportions	--	--
Associated enterprise:	--	--
The total of following items according to the shareholding proportions	--	--

Other notes:

(5) Note to the significant restrictions of the ability of joint venture or associated enterprise transfer funds to the Company

(6) The excess loss of joint venture or associated enterprise

Unit: RMB Yuan

Name	The cumulative recognized losses in previous accumulatively derecognized	The derecognized losses or the share of net profit in reporting period	The noncumulative unrecognized losses in reporting period

Other notes:

(7) The unrecognized commitment related to joint venture investment

(8) Contingent liabilities related to joint venture or associated enterprise investment

4. Significant common operation

Name	Main operating place	Registration place	Business nature	Proportion /share portion	
				Directly	Indirectly

Note to holding proportion or share portion in common operation different from voting proportion:

Basis of common operation as a single entity, classify as common operation

Other notes:

5. Equity of structure entity not including in the scope of consolidated financial statements

Related notes to structure entity not including in the scope of consolidated financial statements

6. Other**X. The risk related financial instruments****XI. The disclosure of the fair value****1. Closing fair value of assets and liabilities calculated by fair value**

Unit: RMB Yuan

Item	Closing fair value			
	Fair value measurement items at level 1	Fair value measurement items at level 2	Fair value measurement items at level 3	Total
I. Consistent fair value measurement	--	--	--	--
II. Inconsistent fair value measurement	--	--	--	--

2. Market price recognition basis for consistent and inconsistent fair value measurement items at level 1**3. Valuation technique adopted and nature and amount determination of important parameters for consistent and inconsistent fair value measurement items at level 2****4. Valuation technique adopted and nature and amount determination of important parameters for consistent and inconsistent fair value measurement items at level 3****5. Sensitiveness analysis on unobservable parameters and adjustment information between opening and closing book value of consistent fair value measurement items at level 3****6. Explain the reason for conversion and the policy governing when the conversion happens if conversion happens among consistent fair value measurement items at different levels****7. Changes in the valuation technique in the current period and the reason for change****8. Fair value of financial assets and liabilities not measured at fair value****9. Other****XII. Related party and related Transaction****1. Information related to parent company of the Company**

Name of parent company	Registered place	Business scope	Registered capital	Proportion of share held by parent	Proportion of voting rights owned by

				company against the Company (%)	parent company against the Company (%)
Sanonda Co., Ltd	Jingzhou, Hubei	Production and operation of pesticide and chemicals products	240,661,000.00	20.15%	20.15%

Notes: Information on the parent company: China National Chemical Corporation (hereinafter referred to as Chemical Corporation) held 100.00% equity of China National Agrochemical Corporation, while China National Agrochemical Corporation held 100.00% equity of Sanonda Group Corporation, and China National Chemical Corporation is a central enterprise under the management of State-owned Assets Supervision and Administration Commission of the State Council.

The final control of the Company was China National Chemical Corporation

Other notes:

2. Subsidiaries of the Company

See details to Notes IV.

3. Information on the joint ventures and associated enterprises of the Company

The details of significant joint venture and associated enterprise of the Company

Information on other joint venture and associated enterprise of occurring related party transactions with the Company in reporting period, or form balance due to related party transactions in previous period:

Name	Relationship
------	--------------

Notes:

4. Information on other related parties of the Company

Name	Relationship
Bluestar (Beijing) Chemical Machinery Co., Ltd.	Under the same control of China National Chemical Corporation
Hubei Jingzhou Huaxiang Chemical Co., Ltd.	Joint venture of the parent company
Anhui Chemical Design Institute	Under the same control of China National Chemical Corporation
Haohua Engineering Co., Ltd.	Under the same control of China National Chemical Corporation
ADAMA Agricultural Solutions LTD.,	Under the same control of China National Chemical Corporation
Jiamusi Heilong Agrochemicals Co., Ltd.	Under the same control of China National Chemical Corporation
Jiangsu Anpon Electrochemical Co., Ltd.	Under the same control of China National Chemical Corporation
Shandong Dacheng Agrochemical Co., Ltd.	Under the same control of China National Chemical Corporation
China National Agrochemical Corporation	Under the same control of China National Chemical Corporation

Bluestar Environmental Engineering Co., Ltd.	Under the same control of China National Chemical Corporation
Sichuan Bluestar Machinery Co., Ltd.	Under the same control of China National Chemical Corporation

Notes:

5. List of related-party transactions

(1) Information on acquisition of goods and reception of labor service (unit: ten thousand Yuan)

Acquisition of goods and reception of labor service

Unit: RMB Yuan

Related-party	Content	2015	Trading limit approved	Over the trading limit or not?	2014
Bluestar (Beijing) Chemical Machinery Co., Ltd.	Maintenance of equipment	31,538.46	31,538.46	No	1,582,136.75
Bluestar (Beijing) Chemical Machinery Co., Ltd.	Equipment				19,076,923.08
Jingzhou Sanonda Co., Ltd.	Packing materials				1,004,419.66
Haohua Engineering Co., Ltd.	Equipment and services	2,586,371.59	2,586,371.59	No	20,147,456.04

Information of sales of goods and provision of labor service

Unit: RMB Yuan

Related-party	Content	2015	2014
ADAMA Agricultural Solutions LTD.,	Sales of pesticides	56,580,674.73	16,850,070.00
Shandong Dacheng Agrochemical Co., Ltd.	Sales of pesticides		13,475,663.72
Jiamusi Heilong Agrochemicals Co., Ltd.	Sales of pesticides		1,817,876.11
Jiangsu Anpon Electrochemical Co., Ltd.	Sales of pesticides		3,119,469.03

Notes:

(2) Related trusteeship/contract

Lists of related trusteeship/contract:

Unit: RMB Yuan

Name of the entruster/contractee	Name of the trustee/contractor	Type	Initial date	Due date	Pricing basis	Income recognized in the reporting period

Notes:

Lists of entrust/contractee

Unit: RMB Yuan

Name of the entruster/contractee	Name of the trustee/contractor	Type	Initial date	Due date	Pricing basis	Charge recognized in the reporting period

Notes:

(3) Information of related lease

The Company was lessor:

Unit: RMB Yuan

Name of lessee	Category of leased assets	The lease income confirmed in this year	The lease income confirmed in last year

The Company was lessee:

Unit: RMB Yuan

Lessor	Category of leased assets	The lease income confirmed in this year	Category of leased assets

Notes:

(4) Related-party guarantee

The Company was guarantor:

Unit: RMB Yuan

Secured party	Guarantee amount	Start date	End date	Execution accomplished or not
Hubei Sanonda Foreign Trading Co., Ltd.	120,000,000.00	23 Jun. 2013	22 Jun. 2017	Yes

Hubei Sanonda Foreign Trading Co., Ltd.	50,000,000.00	22 Jan. 2013	21 Jan. 2017	Yes
Hubei Sanonda Foreign Trading Co., Ltd.	60,000,000.00	29 Apr. 2014	28 Apr. 2017	Yes
Hubei Sanonda Foreign Trading Co., Ltd.	64,000,000.00	11 Dec. 2013	10 Dec. 2018	No
Hubei Sanonda Foreign Trading Co., Ltd.	65,000,000.00	26 Jan. 2014	26 Jan. 2017	Yes
Hubei Sanonda Foreign Trading Co., Ltd.	60,000,000.00	29 Apr. 2015	28 Apr. 2018	No

The Company was Secured party

Unit: RMB Yuan

Guarantor:	Guarantee amount	Start date	End date	Execution accomplished or not
Jingzhou Sanonda Co., Ltd.	50,000,000.00	13 Mar. 2015	13 Mar. 2018	No
Jingzhou Sanonda Co., Ltd.	98,000,000.00	25 Dec. 2012	24 Dec. 2017	Yes
Jingzhou Sanonda Co., Ltd.	170,000,000.00	26 Dec. 2014	25 Dec. 2019	No
Jingzhou Sanonda Co., Ltd.	140,000,000.00	1 Feb. 2015	31 Jan. 2018	No
China National Agrochemical Corporation	50,000,000.00	19 Mar. 2015	19 Mar. 2019	No
China National Agrochemical Corporation	300,000,000.00	19 Nov. 2014	17 Nov. 2019	No
China National Agrochemical Corporation	30,000,000.00	2 Jun. 2015	29 Nov. 2017	No
China National Agrochemical Corporation	150,000,000.00	10 Sep. 2013	10 Sep. 2018	No

China National Chemical Corporation	200,000,000.00	25 Sep. 2013	25 Sep. 2020	No
China National Chemical Corporation	150,000,000.00	14 Oct. 2013	13 Oct. 2020	No
China National Chemical Corporation	160,000,000.00	10 Jun. 2014	9 Jun. 2021	No

Notes:

(5) Inter-bank lending of capital of related parties:

Unit: RMB Yuan

Related party	Amount borrowed and loaned	Initial date	Due date	Explanation
Borrowed				
loaned				

(6) Related party asset transfer and debt restructuring

Unit: RMB Yuan

Related party	Content	2015	2014

(7) Rewards for the key management personnel

Unit: RMB Yuan

Item	2015	2014
Rewards for the key management personnel	840791.00	774241.00

(8) Other related-party transactions

1. The parent company of the Group—Sanonda Group Corporation paid & gained wages through the Group with a total of RMB260,481.

2. Balance of bank deposit of Chemchina Finance Co., Ltd. of the Group at the period- begin was of RMB 82,266,671.62, period-end was of RMB 93,935,463.21, and balance of short-term loan at the period- begin was of RMB 0, period-end was of RMB50,000,000.00; Interest of bank deposit of this year was of RMB964,074.02, and interest of the paid of short-term loan of this year was of RMB 565,875.00.

3. Guaranteed fees

Name	Type	Content	2015	2014
			Amount	Amount

Jingzhou Sanonda Co., Ltd.	Guarantee	Payment of guaranteed fees	450,000.00	420,000.00
China National Agrochemical Corporation	Guarantee	Payment of guaranteed fees	865,000.00	1,150,000.00

6. Receivables and payables of related parties

(1) Receivables

Unit: RMB Yuan

Item	Related party	Closing period		Opening period	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Account receivable	ADAMA Agricultural Solutions LTD.	21,345,531.70	1,067,276.59	20,109,257.16	1,005,462.86
Prepayment	Bluestar Environmental Engineering Co., Ltd.	130,000.00			
Project prepayments	Haohua Engineering Co., Ltd.	2,327,349.00			

(2) Payables

Unit: RMB Yuan

Item	Related party	Closing book value	Opening book value
Accounts payable	Bluestar (Beijing) Chemical Machinery Co., Ltd.	7,761,900.00	9,225,000.00
Accounts payable	Haohua Engineering Co., Ltd.		961,417.30
Account receivable in advance	Shangdong Dacheng Agrochemical Co., Ltd.	1,500.00	1,500.00
Account receivable in advance	Jiamusi Heilong Agrochemicals Co., Ltd.	10,020.00	10,000.00

7. Related party commitment

8. Other

XIII. Stock payment

1. The Stock payment overall situation

Applicable Inapplicable

2. The Stock payment settled by equity

Applicable Inapplicable

3. The Stock payment settled by cash

Applicable Inapplicable

4. Modification and termination of the stock payment

5. Other

XIV. Commitments

1. Significant commitments

Significant commitments at balance sheet date

As of 30 Jun. 2015, there was no significant commitment or contingency in the Group.

2. Contingency

(1) Significant contingency at balance sheet date

(2) The Company have no significant contingency to disclose, also should be stated

There was no significant contingency in the Company.

3. Other

XV. Events after balance sheet date

1. Significant events had not adjusted

Unit: RMB Yuan

Item	Content	Influence number to the financial position and operating results	Reason of unable to estimate influence number
------	---------	--	---

2. Profit distribution

Unit: RMB Yuan

3. Sales return

4. Notes of other significant events

As of 30 Jun. 2015, there was no other significant event after balance sheet date.

XVI. Other significant events

1. The accounting errors correction in previous period

(1) Retrospective restatement

Unit: RMB Yuan

Content	Processing program	Name of the influenced report items during comparison period	Cumulative impact
---------	--------------------	--	-------------------

(2) Prospective application

Content	Processing program	Reason of adopting prospective application
---------	--------------------	--

2. Debt restructuring

3. Replacement of assets

(1) Non-monetary assets exchange

(2) Other assets replacement

4. Pension plan

5. Discontinuing operation

Unit: RMB Yuan

Item	Income	Expense	Total profits	Income tax	Net profit	Termination of
------	--------	---------	---------------	------------	------------	----------------

				expense		the business profits attributable to the parent company owner
--	--	--	--	---------	--	---

Other notes:

6. Segment information

(1) Recognition basis and accounting policies of reportable segment

(2) The financial information of reportable segment

Unit: RMB Yuan

Item		Offset during segments	Total
------	--	------------------------	-------

(3) There was no reportable segment, or the total amount of assets and liabilities of each part of reportable segment, shall disclose the reason.

(4) Other notes

7. Other important transactions and events have an impact on investors' decision-making

8. Other

XVII. Notes of main items in the financial statements of the Company

1. Accounts receivable

(1) Accounts receivable classified by category

Unit: RMB Yuan

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Withdrawal Proportion (%)		Amount	Proportion (%)	Amount	Withdrawal Proportion (%)	
Accounts receivable withdrawal of bad debt provision of by	548,638,287.28	99.89%	12,591,248.45	2.29%	536,047,038.83	368,860,445.78	99.84%	8,287,410.79	2.25%	360,573,034.99

credit risks characteristics:										
Accounts receivable with insignificant single amount but large risks of groups after grouping by credit risks characteristics	584,457.52	0.11%	584,457.52	100.00%		584,457.52	0.16%	584,457.52	100.00%	
Total	549,222,744.80	100.00%	13,175,705.97	2.40%	536,047,038.83	369,444,903.30	100.00%	8,871,868.31	2.40%	360,573,034.99

Accounts receivable with insignificant single amount but large risks of groups after grouping by credit risks characteristics at the end of reporting period.

Applicable Inapplicable

In the groups, accounts receivable adopting aging analysis method to withdraw bad debt provision:

Applicable Inapplicable

Unit: RMB Yuan

Aging	Closing balance		
	Accounts receivable	Provision for bad debts	Proportion (%)
Subentry within 1 year			
Within 1 year	103,465,030.92	5,173,251.54	5.00%
Subtotal of within 1 year	103,465,030.92	5,173,251.54	5.00%
1-2 years	834,851.00	83,485.10	10.00%
2-3 years	0.46	0.14	30.00%
Over 3 years	7,440,959.29	7,334,511.67	98.57%
3-4 years	110,148.25	55,074.13	50.00%
4-5 years	102,747.00	51,373.50	50.00%
Over 5 years	7,228,064.04	7,228,064.04	100.00%
Total	111,740,841.67	12,591,248.45	

Notes:

In the groups, accounts receivable adopting balance percentage method to withdraw bad debt provision:

Applicable Inapplicable

In the groups, accounts receivable adopting other methods to withdraw bad debt provision:

Name of the group	Balance at year-end		
	Accounts receivable	Bad debt provision	Withdrawal reason
Risk-free groups	436,897,445.61		Internal funds of the group

Total	436,897,445.61		
-------	----------------	--	--

Accounts receivable with significant single amount and individually withdrawn bad debt provision at the end of the year

Accounts receivable (entity)	Balance at year-end			
	Accounts receivable	Bad debt provision	Withdrawal reason	Accounts receivable
Jiangxi Nanchang Red Valley Plant Protection Center	584,457.52	584,457.52	100.00%	Multiple collection failed, not expected to recover
Total	584,457.52	584,457.52	—	—

(2) Bad debt provision withdrawal, reversed or recovered in the report period

The amount of bad debt provision was RMB 4,303,837.66; the amount of reversed or recovered bad debt provision in the report period was of RMB 000.

Significant amount of reversed or recovered bad debt provision

Unit: RMB Yuan

Entity	Amount	Method
--------	--------	--------

(3) Particulars of the actual verification of accounts receivable during the reporting period

Unit: RMB Yuan

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

Of which: significant actual verification of accounts receivable

Unit: RMB Yuan

Name of the entity	Nature	Amount	Reason	Procedure	Whether occurred because of related party transactions
--------------------	--------	--------	--------	-----------	--

Notes:

(4) Top five of account receivable of closing balance collected by arrears party

Unit: RMB Yuan

Name of the entity	Relationship	Amount	Year	Proportion (%)
Hubei Sanonda Foreign Trading Co., Ltd.	Subsidiary of the Company	239,253,437.22	Within 1 year	43.56%
Jingzhou Hongxiang Chemicals Co., Ltd.	Subsidiary of the Company	197,644,008.39	Within 1 year	35.99%
Shangdong Dacheng International Trading Co., Ltd.	Related party	14,017,536.00	Within 1 year	2.55%

Jiangsu Nantong Weilike Chemical Co., Ltd.	Independent third party	11,334,375.00	Within 1 year	2.06%
Henan Jinpeng Chemical Co., Ltd.	Independent third party	10,241,510.00	Within 1 year	1.86%
Total	--	472,490,866.61	--	86.02%

(5) Derecognition of account receivable due to the transfer of financial assets**(6) The amount of the assets and liabilities formed by the transfer and the continues involvement of accounts receivable**

Other notes:

2. Other account receivable**(1) Other account receivable classified by category**

Unit: RMB Yuan

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Withdrawal proportion		Amount	Proportion (%)	Amount	Withdrawal proportion	
Accounts receivable withdrawal of bad debt provision of by credit risks characteristics:	7,458,663.86	100.00%	5,304,081.89	71.11%	2,154,581.97	81,481,416.37	100.00%	5,229,030.47	6.42%	76,252,385.90
Total	7,458,663.86	100.00%	5,304,081.89	71.11%	2,154,581.97	81,481,416.37	100.00%	5,229,030.47	6.42%	76,252,385.90

Other accounts receivable with insignificant single amount but large risks of groups after grouping by credit risks characteristics at the end of reporting period

Applicable Inapplicable

In the groups, other accounts receivable adopting aging analysis method to withdraw bad debt provision:

Applicable Inapplicable

Unit: RMB Yuan

Aging	Closing balance		
	Other account receivable	Provision for bad debts	Proportion (%)
Subentry within 1 year			

Within 1 year	957,940.34	47,897.01	5.00%
Subtotal of within 1 year	957,940.34	47,897.01	5.00%
1-2 years	200,000.00	20,000.00	10.00%
2-3 years	20,000.00	6,000.00	30.00%
Over 3 years	5,370,577.16	5,230,184.88	97.39%
3-4 years	270,784.57	135,392.29	50.00%
4-5 years	10,000.00	5,000.00	50.00%
Over 5 years	5,089,792.59	5,089,792.59	100.00%
Total	6,548,517.50	5,304,081.89	

Notes:

In the groups, other accounts receivable adopting balance percentage method to withdraw bad debt provision:

 Applicable Inapplicable

In the groups, other accounts receivable adopting other methods to withdraw bad debt provision:

 Applicable Inapplicable

Name of the group	Balance at year- end		
	Account receivable	Bad debt provision	Withdrawal reason
Sanonda Jingzhou Agrochemicals Co., Ltd	910,146.36		Internal funds of the group
Total	910,146.36		

(2) Bad debt provision withdrawal, reversed or recovered in the report period

The amount of bad debt provision was RMB 75,051.42, the amount of reversed or recovered bad debt provision in the report period RMB 000.

Significant amount of reversed or recovered bad debt provision

Unit: RMB Yuan

Entity	Amount	Method

(3) Particulars of the actual verification of other accounts receivable during the reporting period

Unit: RMB Yuan

Item	Amount

Of which: significant actual verification of other accounts receivable

Unit: RMB Yuan

Name of the entity	Nature	Amount	Reason	Procedure	Whether occurred because of related party transactions

Notes:

(4) Other account receivable classified by account nature

Unit: RMB Yuan

Nature	Closing book value	Opening book value
Investment	3,398,275.80	3,398,275.80
Cash pledge	777,784.57	1,029,784.57
Turnover accounts with Sanonda Jingzhou Agrochemicals Co., Ltd	910,146.36	660,146.36
Turnover accounts with Jingzhou Hongxiang Chemicals Co., Ltd.		70,000,000.00
Export rebates		4,578,166.34
Pretty cash	671,578.35	690,874.23
Other	1,700,878.78	1,124,169.07
Total	7,458,663.86	81,481,416.37

(5) The top five other account receivable classified by debtor at period end

Unit: RMB Yuan

Entity	Nature	Closing balance	Aging	Proportion%	Closing balance of bad debt provision
Shantou Biyue Plastic Co., Ltd.	Settlement payment for unreturned investment accounts	3,125,000.00	Over 5 years	41.90%	3,125,000.00
Sanonda (Jingzhou) Pesticide Chemical Co., Ltd.	Turnover accounts to the subsidiaries	910,146.36	Within 1 year /1-2years	12.20%	
Hubei Jingzhou Shashi Agricultural Production Materials Co., Ltd.	Turnover accounts	548,500.00	Over 5 years	7.35%	548,500.00
Jingzhou Local railway Co., Ltd.	Advanced freight	464,049.50	Within 1 year	6.22%	23,202.47
Jingzhou Production Safety Supervision Bureau	Cash pledge	300,000.00	Over 5 years	4.02%	300,000.00
Total	--	5,347,695.86	--	71.69%	3,996,702.47

(6) Accounts receivable involved with government subsidies

Unit: RMB Yuan

Name of units	Project of government subsidies	Closing balance	Closing age	Estimated received time, amount and basis
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(7) Other account receivable which terminate the recognition owing to the transfer of the financial assets

(8) The amount of the assets and liabilities formed by the transfer and the continues involvement of other accounts receivable

Other notes:

3. Long term equity investment

Unit: RMB Yuan

Item	Closing balance			Opening balance		
	Book balance	bad debt provision	Book value	Book balance	bad debt provision	Book value
Investment to the subsidiary	80,026,635.41	24,500,000.00	55,526,635.41	80,026,635.41	24,500,000.00	55,526,635.41
Total	80,026,635.41	24,500,000.00	55,526,635.41	80,026,635.41	24,500,000.00	55,526,635.41

(1) Investment to the subsidiary

Unit: RMB Yuan

Entity	Opening balance	Increase	Decrease	Closing balance	Withdrawn impairment provision in the reporting period	Closing balance of impairment provision
Sanonda (Jingzhou) Pesticide Chemical Co., Ltd.	30,413,700.00			30,413,700.00		24,500,000.00
Hubei Sanonda Foreign Trading Co., Ltd.	11,993,030.00			11,993,030.00		
Jingzhou Hongxiang Chemicals Co., Ltd.	37,619,905.41			37,619,905.41		
Total	80,026,635.41			80,026,635.41		24,500,000.00

(2) Investment to joint ventures and associated enterprises

Unit: RMB Yuan

Name of investee	Opening balance	Increase/decrease in reporting period								Closing balance	Closing balance of impairment provision
		Additional investment	Negative investment	Investment profit and loss recognized under the equity method	Adjustment of other comprehensive income	Other equity changes	Declaration of cash dividends or profits	Withdrawal impairment provision	Other		
I. Joint ventures											
II. Associated enterprises											

(3) Other notes**4. Revenues and operating costs**

Unit: RMB Yuan

Item	Reporting period		Same period of last year	
	Revenues	Operating costs	Revenues	Operating costs
Main operations	1,189,551,459.81	903,197,965.34	1,656,193,498.88	1,145,555,009.95
Other operations	70,429,352.26	68,194,146.03	30,572,387.74	26,242,939.13
Total	1,259,980,812.07	971,392,111.37	1,686,765,886.62	1,171,797,949.08

Other notes:

5. Investment income

Unit: RMB Yuan

Item	Reporting period	Same period of last year
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6. Other**XVIII. Supplementary materials****1. Items and amounts of extraordinary gains and losses**

√ Applicable □ Inapplicable

Unit: RMB Yuan

Item	Amount	Note
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Gains/losses on the disposal of non-current assets	-7,689.72	
Tax rebates, reductions or exemptions due to approval beyond authority or the lack of official approval documents	2,909,544.44	
Other non-operating income and expenses other than the above	20,714.65	
Less: Income tax effects	730,642.34	
Minority interests effects	5,531.25	
Total	2,186,395.78	--

Explain the reasons if the Company classifies an item as an extraordinary gain/loss according to the definition in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Extraordinary Gains and Losses, or classifies any extraordinary gain/loss item mentioned in the said explanatory announcement as a recurrent gain/loss item

Applicable Inapplicable

2. Return on equity (ROE) and earnings per share (EPS)

Profit as of reporting period	Weighted average ROE (%)	EPS (Yuan/share)	
		EPS-basic	EPS-diluted
Net profit attributable to common shareholders of the Company	5.74%	0.1981	0.1981
Net profit attributable to common shareholders of the Company after deduction of non-recurring profit and loss	5.63%	0.1944	0.1944

3. Differences between accounting data under domestic and overseas accounting standards

(1) Differences of net profit and net assets disclosed in financial reports prepared under international and Chinese accounting standards

Applicable Inapplicable

(2) Differences of net profit and net assets disclosed in financial reports prepared under overseas and Chinese accounting standards

Applicable Inapplicable

(3) Explain reasons for the differences between accounting data under domestic and overseas accounting standards, for audit data adjusting differences had been foreign audited, should indicate the name of the foreign institutions

4. Other

Section X. Documents Available For Reference

(I) Financial Statements carried with signatures and seals of Legal Representative and Accounting Principal, as well as Head of the Accounting Organ;

(II) In the reporting period, originals of all documents of the Company ever disclosed publicly in media designated by China Securities Regulatory Commission as well as the originals of all the public notices were deposited in the office of the Company.

Hubei Sanonda Co., Ltd.

Legal representative: An Liru

3 Aug. 2015