



Hubei Sanonda Co., Ltd.

The 2015 Annual Report

March 2016

Section I. Important Statements, Contents & Terms

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 information, misleading statements or material omissions. And they shall be jointly and severally liable for that.

An Liru, person in charge of the Company, Liu Anping, person in charge of the accounting work, and Tu Zhiwen, person in charge of the accounting organization (chief of accounting), hereby confirm that the Financial Report enclosed in this Report is factual, accurate and complete.

All directors attended the board meeting for reviewing this Report.

This Report involves futures plans and some other forward-looking statements, which shall not be considered as virtual promises to investors. Investors and people concerned shall fully understand the risk as well as the difference between plans, forecasts and promises. Investors are kindly reminded to pay attention to possible risks.

The Company has described its future development strategies, work plan for 2016 and possible risks in “IX. Outlook of future development of the Company” in Section IV. China Securities Journal, Securities Times, Ta Kung Pao (HK) and www.cninfo.com.cn have been designated by the Company for its information disclosure in 2016. And all information about the Company shall be subject to what’s disclosed on the aforesaid media. Investors are kindly reminded to pay attention to possible risks.

The Company’s profit distribution preplan upon review and approval of this board meeting: Based on the total shares of the Company as at 31 Dec. 2015, a cash dividend of RMB0.25 (tax included) will be distributed for every 10 shares held by shareholders. No bonus shares will be granted and no capital reserve will be turned into share capital.

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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Terms

Term	Content
Company, the Company	Hubei Sanonda Co., Ltd.
CSRC Hubei	The Hubei bureau of China Securities Regulatory Commission
CSRC	China Securities Regulatory Commission
SSE	Shenzhen Stock Exchange
Reporting period, this period, current year	Year 2015
CNAC	China National Agrochemical Corporation
Celsius	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	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	Jingzhou Sanonda Holdings Co., Ltd., once called Sanonda Group Co., Ltd., the controlling shareholder of the Company

Section II. Company Profile & Financial Highlights

I. Basic information of the Company

Stock abbreviation	Sanonda A, Sanonda B	Stock code	000553, 200553
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	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		
Registered address	No. 93, Beijing East Road, Jingzhou, Hubei		
Postal code for the registered address	434001		
Office address	No. 93, Beijing East Road, Jingzhou, Hubei		
Postal code for the office address	434001		
Internet website of the Company	http://www.sanonda.cn		
Email address	sld@agr.chemchina.com		

II. For contact

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

III. About information disclosure and where this Report is placed

Newspapers designated by the Company for information disclosure	China Securities Journal, Securities Times, and Ta Kung Pao
Internet website designated by CSRC for disclosing this Report	http://www.cninfo.com.cn
Where this Report is placed	Office of the Company

IV. Changes in the registered information

Organizational code	70696228-7
Changes of the main business since listing (if any)	Unchanged
Changes of the controlling shareholder (if any)	Unchanged

V. Other information

The CPAs firm hired by the Company:

Name	Ruihua Certified Public Accountants (LLP)
Office address	5-11F, West Tower, China Overseas Property Plaza, Building No. 7, Compound No. 8, Xibinhe Road, Yongding Men, Dongcheng District, Beijing, P.R.C.
Signing accountants	Tang Qiyong, Yin Donghan

Sponsor engaged by the Company to conduct sustained supervision during the reporting period

Applicable Inapplicable

Financial consultant engaged by the Company to conduct sustained supervision during the reporting period

Applicable Inapplicable

VI. Accounting and financial highlights

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

	2015	2014	Increase/decrease of current year over last year	2013
Operating revenue (RMB Yuan)	2,169,936,637.07	3,131,186,300.05	-30.70%	3,078,467,310.53
Net profit attributable to shareholders of the Company (RMB Yuan)	141,840,462.97	491,771,929.22	-71.16%	320,811,958.67

Net profit attributable to shareholders of the Company after extraordinary gains and losses (RMB Yuan)	137,328,557.39	490,238,498.19	-71.99%	326,183,175.01
Net cash flows from operating activities (RMB Yuan)	276,090,052.80	699,173,855.92	-60.51%	799,701,589.04
Basic EPS (RMB Yuan/share)	0.2388	0.8280	-71.16%	0.5402
Diluted EPS (RMB Yuan/share)	0.2388	0.8280	-71.16%	0.5402
Weighted average ROE (%)	6.90%	27.68%	-20.78%	22.88%
	As at 31 Dec. 2015	As at 31 Dec. 2014	Increase/decrease of current year-end than last year-end	As at 31 Dec. 2013
Total assets (RMB Yuan)	2,977,268,169.32	2,934,299,657.47	1.46%	2,708,271,174.34
Net assets attributable to shareholders of the Company (RMB Yuan)	2,097,382,469.60	2,007,631,150.60	4.47%	1,546,189,571.66

VII. 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 such differences for the reporting period

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

Applicable Inapplicable

No such differences for the reporting period

VIII. Financial highlights by quarter

Unit: RMB Yuan

	Q1	Q2	Q3	Q4
Operating revenue	554,976,943.28	680,274,739.53	558,298,652.20	376,386,302.06
Net profit attributable to shareholders of the Company	77,028,787.65	40,649,387.94	29,447,643.10	-5,285,355.72
Net profit attributable to shareholders of the Company after extraordinary gains and losses	76,147,879.11	39,343,900.70	28,446,817.75	-6,610,040.17
Net cash flows from operating	-23,477,753.42	4,201,004.04	73,276,726.52	222,090,075.66

activities				
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Any material difference between the financial indicators above or their summations and those which have been disclosed in quarterly or semi-annual reports?

Yes No

IX. Extraordinary gains and losses

Applicable Inapplicable

Unit: RMB Yuan

Item	2015	2014	2013	Note
Gain/loss on the disposal of non-current assets (including the offset part of the asset impairment provisions)	32,021.74	54,813.19	-10,822,583.41	
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 government's unified standards	5,585,426.21	4,574,874.07	3,270,500.35	
Gain/loss on debt restructuring		-6,000.00	-152,001.61	
Non-operating income and expense other than the above	85,398.38	-2,876,432.21	497,140.96	
Less: Income tax effects	1,179,878.25	199,524.02	-1,801,735.93	
Minority interests effects (after tax)	11,062.50	14,300.00	-33,991.44	
Total	4,511,905.58	1,533,431.03	-5,371,216.34	--

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 III. Business Highlights

I. Main business during reporting period

We specialize in production and sale of farm chemicals and other chemicals as well as import & export of farm chemicals, other chemicals and intermediates. We mainly produce farm chemicals and other chemicals for crop protection. We have glyphosate, paraquat, 2,4-D, etc. for our herbicide series; acephate, DDVP, dipterex, carbofuran, methomyl, triazophos, etc. for our pesticide series; spermine, PMIDA, pyridine, etc. for our farm chemical intermediate series; and caustic soda, liquid chlorine, hydrochloric acid, formaldehyde, etc. for our other chemical series. No major changes occurred to the mode of production and operation of the Company in the reporting period.

The farm chemical industry where we are engaged is characteristic of obvious periodicity. In 2015, due to serious overcapacity, sluggish markets as well as falling and low-running product prices, farm chemical producers entered a period where they could only hope for meager profit or breakeven. Our business performance is closely related to the development of the farm chemical industry as well as prices of raw materials and farm chemicals. Meanwhile, the new Law on Production Safety and Law on Environmental Protection will impose stricter standards on farm chemical enterprises, allowing the strong to survive and develop while kicking out the weak. Amid these changes, some competitive enterprises will embrace new opportunities for development.

According to statistics from China Crop Protection Industry Association, we rank No. 6 in the top 100 list of China's farm chemical producers.

II. Material changes in main assets

1. Material changes in main assets

Main asset	Material change
Equity assets	No material changes
Fixed assets	Ionic membrane project accounted in fixed assets in reporting period
Intangible assets	New land
Construction in progress	Ionic membrane project accounted in fixed assets in reporting period

2. Main assets overseas

Applicable Inapplicable

III. Core competitiveness analysis

In the reporting period, we enhanced our cooperation with colleges and research institutions for more technological progress as well as improved our production technique for better efficiency and energy saving & emission reduction, which resulted in safer and more environment-friendly production as well as more competitive products. We managed to maintain our leading position as a spermine and acephate producer, cost further decreased for paraquat, methomyl quality was further improved and pyridine equipment achieved

continuous production and reached the designed capacity. In terms of marketing, we enjoy a distinct competitive edge in export due to our early access to international markets. Our products are exported to dozens of countries and regions such as Europe, America, Brazil, Southeast Asia and Taiwan. Our main customers are mostly famous agro-chemical enterprises, with which we have established long-term and stable cooperation. Our product and service quality is spoken highly of among our customers. As for patents, we applied for 2 patents and were granted 2 patents for invention in 2015. Up to the end of 2015, we had a total of 29 patents, including 20 for invention. Our core management and technical teams remained stable in the reporting period.

Section IV. Discussion & Analysis by Management

I. Business review

In 2015, the farm chemical industry was affected by factors such as sluggish economy, falling oil and grain prices, weak demand and stricter standards for environmental protection, causing great operational difficulty for farm chemical producers. Glyphosate, paraquat and some other main farm chemicals witnessed a considerable decrease in price. Under such a circumstance, we carefully analyzed the market, improved our system, enhanced business management, persisted in technological advance and strengthened operation control. As a result, we maintained general stability in our production and operation, and our main objectives were substantially fulfilled.

For the reporting period, we achieved operating revenues of RMB2.17 billion, down 30.70% over last year, of which export income stood at USD192 million, down 38% over last year; operating costs of RMB1.729 billion, a 21.11% decrease from last year; operating profit of RMB183 million, a year-on-year decrease of 72.51%; total profit of RMB189 million, representing a YoY drop of 71.73%; and net profit attributable to the shareholders of the Company of RMB142 million, down 71.11% from last year. The decrease in revenues and profit was mainly because demand for our main products was weak due to the continuous depression and fierce competition in the market, leading to a considerable drop in both of our sales income and gross profit margin. Meanwhile, the net cash flows from operating activities stood at RMB276 million, a 60.51% decrease from last year, mainly because of decrease in our sales income.

Major work of Y2015:

Firstly is to be active in the market and grasp the sales in order to guarantee the operation of the devices. Aim at the weak demand of the pesticide market and the severe condition with decreasing price and quantities, the Company actively made the plans from the year-begin and faced to the difficulties as well as seriously carry out the “competition of 100-day marketing race”, which fully exerted the marketing leading role, took the initiative and positively seized the orders that basically guarantee the stable operation of the production and operating.

Secondly is to seize the production emphatic degree and to improve the operating level. As the gradually promotion of the construction of the Sanonda chemical new area, the commissioning of the new ionic membrane caustic soda and the salt nitrate device, especially the suspend production of the diaphragm caustic soda device which had been operated for decades of the old areas and the different operating load of the devices owing to the market reasons as well as the condition of the intermittent running of parts of the devices, the Company insists to take the monthly plan as the principle line to strengthen the coordination of the production, supply and sales. According to the timely adjustment production plan of the sales demand, the Company dynamic tracking the production of the badly needed products and reasonably deploy the resources. To comprehensively regulate and control the chlorine gas, steam, and cool supply and so on to ensure the production balance.

Thridly is to urge the management and to reduce the cost to strive for the maximum of the efficiency. To insist to well convene the monthly meeting of “point to point” and the economy operating analysis meeting in order to study the indicator, to look for the problems, to analyse the reasons, to solve the major contradictions and prominent problems appear among the production and operating as well as to figure out the breakthrough point and the focus for improving the operating quality and realizing the costs reduction and efficiency increasing.

Fourth is to construct the system and seize the practice and to strictly protect the safety and environmental protection bottom line. The constantly promotion of the management system construction such as the SHE, TPM, TQM, 5S better promoted the work such as the enterprise safety and environmental protection management, equipments maintenance, quality management and field management, which led to the gradually improve of the enterprise management level.

Fifth is to put emphasis on the training and to construct the team to enhance the employees quality. To insist on people oriented, to

gradually construct the professional training system, to extrude the job-transfer and job rotational training, to comprehensively and systematically improve the employees quality and the operating techniques, to reduce the safety risks and to strengthen the sense of identity.

Lastly is to insist on the technology progress, to optimize the production techniques, to improve the products quality and to reduce the production cost.

II. Main business analysis

1. Overview

See details on the relevant contents of “I. Overview” of “Management Discussion and Analysis”.

2. Revenues and costs

(1) Operating income form

Unit: RMB Yuan

	2015		2014		YoY +/-%
	Amount	Ratio of the operating income	Amount	Ratio of the operating income	
Total of the operating income	2,169,936,637.07	100%	3,131,186,300.05	100%	-30.70%
Classified by industries					
Industry of manufacturing chemical raw materials and chemical products	2,151,827,875.83	99.16%	3,103,955,333.69	99.13%	-30.67%
Other	18,108,761.24	0.84%	27,230,966.36	0.87%	-33.50%
Classified by products					
Chemical new materials and specialty chemicals	18,242,056.49	0.84%	15,453,278.80	0.49%	18.05%
Basis (chlor-alkali) chemical products	211,401,177.36	9.74%	91,219,571.83	2.91%	131.75%
Agrochemicals such as fertilizers and pesticides	1,922,184,641.98	88.58%	2,997,282,483.06	95.73%	-35.87%
Other	18,108,761.24	0.84%	27,230,966.36	0.87%	-33.50%
Classified by regions					
Domestic	1,000,324,018.60	46.10%	1,284,670,774.73	41.03%	-22.13%

Foreign countries	1,169,612,618.47	53.90%	1,846,515,525.32	58.97%	-36.66%
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(2) List of the industries, products or regions exceed 10% of the operating income or operating profits of the Company

√ Applicable □ Inapplicable

Unit: RMB Yuan

	Operating income	Operating cost	Gross margin	YoY increase/decrease of the operating income	YoY increase/decrease of the operating cost	YoY increase/decrease of the gross margin
Classified by industries						
Industry of manufacturing chemical raw materials and chemical products	2,151,827,875.83	1,715,138,392.14	20.29%	-30.67%	-21.23%	-9.55%
Classified by products						
Chemical new materials and specialty chemicals	18,242,056.49	11,113,695.28	39.08%	18.05%	9.76%	4.60%
Basis (chlor-alkali) chemical products	211,401,177.36	202,936,440.64	4.00%	131.75%	217.61%	-25.95%
Agrochemicals such as fertilizers and pesticides	1,922,184,641.98	1,501,088,256.22	21.91%	-35.87%	-28.64%	-7.91%
Classified by regions						
Domestic	982,215,257.36	775,537,579.89	21.04%	-21.89%	-10.70%	-9.89%
Foreign countries	1,169,612,618.47	939,600,812.25	19.67%	-36.66%	-28.22%	-9.45%

Under the circumstances that the statistical standards for the Company's main business data adjusted in the Reporting Period, the Company's main business data in the recent year is calculated based on adjusted statistical standards at the end of the Reporting Period

□ Applicable √ Inapplicable

(3) Whether the Company's goods selling revenue higher than the service revenue

√ Yes □ No

Industries	Items	Units	2015	2014	YoY +/-%
Industry of manufacturing chemical materials and chemical products	Sales volume	Ton	111,138	136,578	-18.63%
	Output	Ton	108,223	142,773	-24.20%
	Stock	Ton	11,987	14,895	-19.52%

Reasons for any over -30% YoY movement of the data above:

□ Applicable √ Inapplicable

(4) Execution of the significant sales contracts signed by the Company up to the reporting period

□ Applicable √ Inapplicable

(5) Operating cost form

Category of the industries

Unit: RMB Yuan

Industries	Items	2015		2014		YoY +/-%
		Amount	Ratio of the operating income	Amount	Ratio of the operating income	
Industry of manufacturing chemical materials and chemical products	Cost of materials (procurement costs)	1,222,076,407.77	71.25%	1,676,552,011.50	77.00%	-5.75%
Industry of manufacturing chemical materials and chemical products	Labor cost	85,623,688.08	4.99%	139,427,185.71	6.40%	-1.41%
Industry of manufacturing chemical materials and chemical products	Depreciation expense	120,958,121.09	7.05%	154,851,600.00	7.11%	-0.06%

Notes

(6) Whether the consolidated scope changed during the reporting period

Yes No

(7) List of the significant changes or adjustment of the industries, products or services of the Company during the reporting period

Applicable Inapplicable

(8) List of the major trade debtors and major suppliers

List of the major trade debtors of the Company

Total sales to the top 5 customers (RMB Yuan)	551,123,407.63
Ratio of the total sales to the top 5 customers to the annual total sales	25.39%

Information of the top 5 customers of the Company

Serial No.	Name of customer	Sales amount (RMB Yuan)	Proportion in annual total sales
1	Foreign customer A	227,263,942.67	10.47%
2	Foreign customer B	100,038,551.33	4.61%
3	Domestic customer C	88,357,310.34	4.07%
4	Foreign customer D	71,881,654.57	3.31%
5	Domestic customer E	63,581,948.72	2.93%
Total	--	551,123,407.63	25.39%

Notes of other situation of the major customers

Applicable Inapplicable

List of the major suppliers of the Company

Total purchase to the top 5 suppliers (RMB Yuan)	478,815,840.32
Ratio of the total purchase to the top 5 suppliers to the annual total purchase	27.69%

Information of the top 5 suppliers of the Company

No.	Name of supplier	Purchase amount (RMB Yuan)	Ratio to the annual purchase amount
1	Supplier A	178,960,491.54	10.35%
2	Supplier B	99,016,264.74	5.72%
3	Supplier C	74,152,307.69	4.29%
4	Supplier D	66,854,297.71	3.87%
5	Supplier E	59,832,478.63	3.46%
Total	--	478,815,840.32	27.69%

Notes of the other situation of the major suppliers

Applicable Inapplicable

3. Expenses

Unit: RMB Yuan

	2015	2014	YoY +/-%	Notes of the significant changes
Selling expenses	84,149,115.89	97,828,145.48	-13.98%	Mainly due to the YoY decrease of the export expenses during the reporting period.
Management expenses	116,918,295.25	125,293,281.02	-6.68%	No significant change.
Financial expenses	14,207,495.95	27,161,121.43	-47.69%	Mainly due to the YoY increase of the foreign exchange profits during the reporting period.

4. R&D investment

Applicable Inapplicable

The R&D projects mainly executed includes chlorination process of trichloroacetic aldehyde and the optimization of the device, acephate continuous crystallization process, 2,4-D technology improvement, integrated anaerobic wastewater biochemical treatment and the phosphorus resource recycling technology development and so on, among which three of the projects had completed the pilot plant test and under the phase of production trial run, while the integrated anaerobic wastewater biochemical treatment and the phosphorus resource recycling technology development had completed the basic data test and small experiment. All of the above mainly were for improving the products quality, reducing the production cost and strengthening the market competitiveness and profitable capacity.

List of the R&D investment of the Company

	2015	2014	Varied ratio
Number of the R&D personnel (person)	20	20	0.00%
Ratio to the R&D personnel	1.07%	0.97%	0.10%
Investment amount of the R&D (RMB Yuan)	7,404,961.06	7,951,019.41	-6.87%
Ratio of the R&D investment to the operating income	0.34%	0.25%	0.09%
Amount of the capitalized R&D investment (RMB Yuan)	0.00	0.00	0.00%
Ratio of the capitalized R&D investment to the R&D investment	0.00%	0.00%	0.00%

Reason of remarkable changes over the last year of the ratio of the total R&D investment amount to the operating income

Applicable Inapplicable

Reason of the greatly change of the ratio of the R&D investment capitalization and its reasonable explanation

Applicable Inapplicable

List of the patents number of the recent 2 years

Applicable Inapplicable

	Applied	Gained	Accumulative gained up to the period-end
Patent for invention	2	2	20
Utility model	0	0	5
Appearance design	0	0	4
List of the changes of the core technology team or the key technology personnel of 2015	N/A		
Whether belongs to the high-tech enterprises recognized by the MOST	No		

5. Cash flow

Unit: RMB Yuan

Item	2015	2014	YoY +/-%
Subtotal of cash inflows from operating activities	1,888,673,768.10	3,011,287,150.04	-37.28%
Subtotal of cash outflows from operating activities	1,612,583,715.30	2,312,113,294.12	-30.25%
Net cash flows from operating activities	276,090,052.80	699,173,855.92	-60.51%
Subtotal of cash inflows from investing activities	1,667,155.76	1,717,816.00	-2.95%
Subtotal of cash outflows from investing activities	299,433,155.03	394,819,264.29	-24.16%
Net cash flows from investing activities	-297,765,999.27	-393,101,448.29	24.25%
Subtotal of cash inflows from financing activities	416,105,350.00	479,659,359.80	-13.25%
Subtotal of cash outflows from financing activities	407,615,334.27	778,428,157.06	-47.64%
Net cash flows from financing activities	8,490,015.73	-298,768,797.26	102.84%
Net increase in cash and cash	-12,749,527.74	8,781,815.25	-245.18%

equivalents			
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Notes of the major effects on the YoY significant changes occurred of the data above

Applicable Inapplicable

- (1) The YoY cash inflows from operating activities decreased of 37.28%, mainly due to the YoY decrease of the sales outstanding of the reporting period.
- (2) The YoY cash outflows from operating activities decreased of 30.25%, mainly due to the YoY decrease of the purchase expenditures of the raw materials and the expenses expenditures of the reporting period.
- (3) The YoY net amount of the cash flow from operating activities decreased of 60.51%, mainly due to the YoY decrease of the sales outstanding of the reporting period.
- (4) The YoY net amount of the cash flow from investment activities increased of 24.25%, mainly due to the YoY decrease of the projects investment of the reporting period.
- (5) The YoY cash outflow of financing activities decreased of 47.64%, mainly due to the YoY decrease of the bank borrowings payment of the reporting period.
- (6) The YoY net amount of the cash flow from financing activities increased of 102.84%, mainly due to the YoY decrease of the return of the bank borrowings of the reporting period.
- (7) The YoY net added amount of the cash and cash equivalents decreased of 245.18%, mainly due to the YoY decrease of the net amount of the cash flow from operating activities of the reporting period.

Notes to the reason of the significant differences between the net cash flow from the operating activities and the net profits of 2015 of the Company during the reporting period

Applicable Inapplicable

The net amount of the cash flow from operating activities during the reporting period of the Company was of RMB0.276 billion with the net profits of 2015 of RMB0.142 billion of the differentiated amount of RMB0.134 billion, mainly because the depreciation and amortization of the reporting period increase the influences of RMB0.215 billion, the influences of the financial expenses of RMB3300, the decreased influences of the inventories of RMB52 million and the influences of the net amount of the operating accounts receivable as well as the accounts payable of RMB0.195 billion.

III. Analysis of the non-core business

Applicable Inapplicable

IV. List of the assets and liabilities

1. List of the significant changes of the assets form

Unit: RMB Yuan

	As at 31 Dec. 2015		As at 31 Dec. 2014		Proportion change	Explain any major change
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Monetary funds	406,098,208.72	13.64%	423,347,736.46	14.43%	-0.79%	N/A
Accounts	180,450,531.9	6.06%	195,635,912.75	6.67%	-0.61%	N/A

receivable	3					
Inventories	287,824,164.30	9.67%	330,541,606.05	11.26%	-1.59%	N/A
Investing real estate	5,036,745.54	0.17%	5,363,928.28	0.18%	-0.01%	N/A
Fixed assets	1,684,051,200.09	56.56%	1,248,826,394.76	42.56%	14.00%	Due to the ionic membrane project transferred into the fixed assets.
Construction in progress	143,683,545.15	4.83%	423,857,021.70	14.44%	-9.61%	Due to the ionic membrane project transferred into the fixed assets.
Short-term loans	20,000,000.00	0.67%	75,000,000.00	2.56%	-1.89%	Due to the payment of the short-term loans of the reporting period.
Long-term loans	343,590,000.00	11.54%	431,590,000.00	14.71%	-3.17%	Due to part of the long-term loans transferred into the long-term loans due in 1 year of the reporting period.

2. Assets and liabilities measured at fair value

Applicable Inapplicable

V. List of the investment

1. Overall condition

Applicable Inapplicable

2. List of the significant equity investment acquired from the reporting period

Applicable Inapplicable

3. List of the significant non-equity investment has been executing during the reporting period

Applicable Inapplicable

4. Investment on the financial assets

(1) List of the securities investment

Applicable Inapplicable

The Company was not involved with such situation during the reporting period.

(2) List of the derivative investment

Applicable Inapplicable

The Company was not involved with such situation during the reporting period.

5. Use of raised funds

Applicable Inapplicable

The Company was not involved with such situation during the reporting period.

VI. Selling of the significant assets and the equities

1. List of the selling of the significant assets

Applicable Inapplicable

The Company was not involved with such situation during the reporting period.

2. List of the selling of the significant equities

Applicable Inapplicable

VII. Analysis of the major controlling and stock-participating companies

Applicable Inapplicable

List of the stock-participating companies influenced over 10% of the net profits on the major subsidiaries and the Company

Unit: RMB Yuan

Name	Type	Main services	Registered capital	Total assets	Net assets	Operating revenues	Operating profit	Net profit
Sanonda (Jingzhou) Pesticides and Chemicals Co., Ltd.	Subsidiary	Production of pesticides and intermediates	30000000.00	2,644,609.09	-1,918,657.69		-478,238.53	-478,238.53
Hubei Sanonda Foreign Trading Co., Ltd.	Subsidiary	Import & export of pesticides and intermediates	10000000.00	171,766,879.92	44,294,235.16	220,934,715.24	10,301,432.88	8,330,920.52
Jingzhou Hongxiang Chemical Co., Ltd.	Subsidiary	Production and sale of chemical raw materials	40000000.00	207,815,961.67	-8,120,147.03	175,586,961.62	6,610,960.11	7,594,293.43

Subsidiaries acquired or disposed during the reporting period

Applicable Inapplicable

Name	Methods of gaining and disposing the subsidiaries during the reporting period	Influences on the overall production and operating as well as the performances
Jingzhou Hongxiang Chemical Co., Ltd.	Gained from the transfer agreement	N/A

Notes of the list of the major controlling and stock-participating companies

1. Subsidiary Sanonda (Jingzhou) Pesticides and Chemicals Co., Ltd. moved its production devices to the Company and had basically cleared during the reporting period.
2. The subsidiary of the Company, Jingzhou Hongxiang Chemical Co., Ltd.: on 26 Oct. 2015, Hubei Sanonda Co., Ltd. signed the equities transfer agreement with the minority shareholder Ms Zhang Hong, who voluntarily transferred 1.5% equities of the Jingzhou Hongxiang Chemical Co., Ltd. to Hubei Sanonda Co., Ltd., with the production and operating of the reporting period was normal.

VIII. List of the structured main bodies controlled by the Company

Applicable Inapplicable

IX. Outlook of the Company's future development

(I) Industry competition structure and development tendency

1. Competitive situation in pesticide industry

First, the multinational pesticide companies with the six top innovative (R&D) enterprises including Syngenta, Bayer, BASF, Monsanto, Dow AgroSciences, DuPont as the core are controlling the high-end market of the industry, and their total sales amount accounts for around 75% of the total sales amount of pesticide in the whole world; second, the pesticide generics companies represented by Nufarm and ADAMA also have strong market competitiveness. Compared with the innovative enterprises, the generics enterprises can save a lot of R&D resources and quickly make its presence in the market relying on its low cost advantage; third, there is a large gap between the pesticide generics enterprises in the developing countries like China and India and the generics enterprises in the second echelon, especially in respect of scale, technology, and capital strength. Such generic enterprises are at the bottom of the international pesticide market, mainly producing the generic pesticides with low technical contents. Their positioning in the international market is to provide technical materials at a low price to the international pesticide giants. The enterprises specializing in the production of pesticide preparation limit their sales inside China. Fourth, the pesticide industry in China has very low industrial concentration, and fierce competition. The total pesticide sales amount of all the listed pesticide companies only accounts for about 10% of the total sales amount of pesticide enterprises in China. In recent years, though the Chinese pesticide industry has formed some industry-leading enterprises through M&A and restructuring, it fails to fundamentally solve the problem that there are too many, small-size pesticide companies in the industry which could not be held together, and the production capacity surplus and product homogenization problem are a common phenomenon.

2. Development trend of the pesticide industry.

According to the large amount of market data we collected and in combination with the industry forecast of multinational companies, it is expected that in 2016, the pesticide market will remain in the doldrums and the product price will remain low. According to the United Nations Food and Agriculture Organization (UNFAO)'s data, the food price index of 2015 have fallen by almost 19% compared with the index of 2014, the largest drop in the past seven years, and it is also the fourth consecutive year of falling. Affected by the price drop of the downstream and competitive industry, the pesticide industry is running low and the pesticide product prices are at a new low of the recent years. The industry's future development will be affected by the downstream grain price. Seen from the current grain output and the consumption situations in China, the oversupply issue will not be solved in the short term. The global market is faced with the elastic supply and moderate demand for cereals. In 2015, the average global cereal inventory is

488 million tons, up 5.17% year on year, a relatively high rate. Therefore, in the future, the grain price will take on a stable downward trend. As for the domestic market, the government has proposed the plan to realize the “zero growth” in chemical fertilizer and pesticide consumption by 2020, and it is expected that in 2016 the pesticide market will remain the steady low-price state. According to the statistical analysis of the primary forecasts from 31 provincial plant protection stations in China, in 2016, the total demand for pesticide of China (commodity) is forecast to be 961,700 tons, and the 100% concentration equivalent is 304.800 tons, down 6.18% year on year. It can be seen that the pesticide industry will endure a great pressure in the future.

(II) Company development strategy

Guided by the national industry policy and the overall development strategy of ChemChina and CNAC, make full use of the current resources and technologies, perfect and expand the existing the supporting systems for pesticide and chemical engineering, strive to develop the chemical product, and build a supporting energy supply system that can meet the company’s agrochemical product production process demands and build the three top industry chains like organophosphorus series, carbonyl chloride series and the pyridine series to increase the core competitive strength. Since August 2015, following the overall arrangement of the CNAC, the company is now pushing for the significant assets restricting by purchase of assets and raising of fund by issuing shares to the related parties of controlling shareholders and the third parties. The subject asset is the Israel-based subsidiary of the company’s actual shareholders, which engages in the agricultural plant protection business, a business highly complementary with the company’s businesses.

(III) 2016 operation plan

First, practically do a good job in safety and environmental protection and perfect the SHE management system. Seriously implement the new Production Safety Law, and practically carry out the production safety responsibility system, and realize the full-course control of safety. Deepen the building of SHE system, perfect the management systems, strengthen the safety management and emergency response, intensify the safety training, and cultivate a safety culture. Seriously implement the Environmental Protection Law, accelerate the building of environmental protection system, enhance the comprehensive control and utilization level of pollutants, promote the cyclic economy and strictly control the environmental risks.

Second, actively expand the market sales, and ensure the operation loads of the company’s facilities. Strengthen the study and judgment ability of market trends, improve the ability to response to market changes, and size the market opportunities. Closely follow up the implementation of production and operation plan, monitor and analyze the operation of economy and effectively identify the operation risks. Actively participate in the market competition, strengthen the contacts and liaison with major customers, do everything to take more orders. Strengthen the market management and control and do a good job in the market planning and promotion of the key products. Take advantage of the production capacity, and expand the technical material sales channel, and form a stable customer base. Push the integration of domestic pesticide preparation sales business and ADAMA in an orderly manner. Improve the chemical product market arrangement, ensure the stable operation of ionic membrane caustic soda units under high load. Actively expand the international market and grab the market space.

Third, set off to promote the cost reduction to increase the profits, and fully enhance the company management. Seriously promote the energy and resources saving and benchmarking, strength the benchmarking of material and energy consumption. Continue to push for management enhancement through system building. Deepen the analysis to solve the prominent problems in production, find the breakthrough points and acting points, to increase the operation quality, reduce the costs and increase profits. Optimize the process flow, and enhance the technology level. Strengthen the implementation of budget and assessment; strictly control the expenses in four aspects. Strengthen the purchase logistics and fund management, further reduce the occupation of funds in these two aspects. Strengthen the quality management to ensure the stable product quality and avoid all the losses caused by quality issues. Improve the risk management and promote the governance of the corporate by law.

Fourth, stick to technological innovation, and increase the competitive strength of products. Stick to the market-oriented approach, implement the innovation drive, improve the innovation ability, and cultivate the company’s competition strength. Strengthen the technical exchange and cooperation with ADAMA, optimize the production process and reduce the production costs.

Fifth, increase the efforts in training and assessment of employees to improve the staff team quality.

(IV) Company fund demand plan

According to the company's production and operation and the in-process and proposed expansion projects, in 2016, the forecast fund demand will be RMB 1.5 billion, which will be directly sourced from bank loans or the company's own assets or by issuing new shares to raise more funds.

(VI) Risks and countermeasures of the company

First, production safety risks. The company is in the hazardous chemical industry, and some technical materials, semi-finished products used in the production or the finished products are inflammable, explosive, corrosive or toxic substances. The production processes cover the high-temperature and high-pressure process, which imposes high operation requirements and may cause accidental safety incidents because of equipment, process, storage and improper operation. The company will seriously push for the building of SHE system, and strengthen the safety hazard screening and rectification efforts to reduce the production safety risks.

Second, environmental protection risks. The company mainly engages in production of technical materials of chemical pesticides and chemical products, which will generate a certain amount of waste water, gas and solids. With China's increasing emphasis on environmental protection and the promulgation and implementation of increasingly strict environmental protection laws and regulations such as the new Environmental Protection Law, the company is carrying out higher and stricter environmental protection standards, which will increase the company's expenses in environmental protection facilities and waste water, gas and solids control, and affect the company's profitability to a certain degree. In recent years, the company has attached high importance on environmental protection, and continuously increased the input in environmental protection, and strengthened the comprehensive control. The company will strengthen the cooperation with scientific research institutes to improve the technical process, continuously improve the environmental protection measures and ensure to reach the national discharge standard.

Third, currency exchange rate risk. The company is increasing the proportion of export products. In 2015, the export products account for 60% of the whole production quantity, and therefore the currency exchange rate will have a big effect on the company. When the company signs the trade contract with customers, it will take in full account the exchange rate risk, and settle the exchange on spot, or reduce the payment term; at the same time, it will adjust the export product structure to address the rebate policy risks.

Fourth, market competition risk. The pesticide industry is sinking lower. From historic experience, 2 or 3 years in the future, the grain price is still exerting downward pressure on the price of pesticides. In 2016, the agricultural materials, chemical fertilizers and pesticides in particular, will be greatly affected by the grain price drop. The company will focus on the saving of resource and tapping into potentials, and reduction of costs and increase of profits, and do everything to control the costs, reduce the expenses and optimize the operation, deepen the energy and resource saving and benchmarking work, set off to solve the bottleneck and "short board" issues, highlight the improvement at some specific aspects, and push the corporate management to a new level as a whole.

X. List of the received researches, visits and interviews**1. Particulars about researches, visits and interviews received in this reporting period**

Applicable Inapplicable

The Company was not involved with such situation during the reporting period.

2. Particulars about researches, visits and interviews received from the period-end to the disclosure date

Applicable Inapplicable

The Company was not involved with such situation during the reporting period.

Section V. Significant Events

I. List of the profits distribution of the common shares and turning capital reserve into share capital of the Company

Common profits distribution policies especially the formulation, execution or the adjustment of the cash dividend policies during the reporting period

Applicable Inapplicable

During the reporting period, the Company actively done well of the execution of the profits distribution proposal strictly abide by the regulations and the requirements of the relevant systems such as the Articles of Association. And fully protected the legal interests of the medium and small investors with the profits distribution proposal met with the relevant regulations of the Articles of Associations. The 35th Session of the 6th Board of Directors held on 10 Mar. 2015 reviewed and approved the Preplan of the 2014 Profits Distribution and had been approved by the 2014 Annual General Meeting held on 3 Apr. 2015. On 18 Apr. 2015, the Company disclosed the Announcement of the Execution of the 2014 Interests Distribution.

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 and clear:	Yes
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

List of the dividend distribution proposal (preplan) of the common shares and the proposal (preplan) of turning capital reserve into share capital of the Company of the recent 3 years:

2013 profits distribution proposal: based on the 2013 total share capital on 31 Dec. 2013, the Company distributed a cash dividend of RMB0.5 (tax included) for every 10 shares to the whole shareholders, with 0 share of the bonus shares (tax included), and there was no turn from capital reserve to share capital.

2014 profits distribution proposal: based on the total share capital on 31 Dec. 2014, the Company distributed a cash dividend of RMB1.0 (tax included) for every 10 shares to the whole shareholders, with 0 share of the bonus shares (tax included), and there was no turn from capital reserve to share capital.

2015 profits distribution proposal: based on the total share capital on 31 Dec. 2015, the Company distributed a cash dividend of

RMB0.25 (tax included) for every 10 shares to the whole shareholders, with 0 share of the bonus shares (tax included), and there was no turn from capital reserve to share capital.

Cash dividend distribution of the common shares of the Company of the recent 3 years (including the reporting period)

Unit: RMB Yuan

Dividend year	Amount of cash dividend (including tax)	Net profit belonging to shareholders of the listed company in consolidated statement of dividend year	The ratio accounting in net profit which belongs to shareholders of the listed company in consolidated statement	Amount of the cash dividend by other methods	Ratio of the cash dividend by other methods
2015	14,848,080.50	141,840,462.97	10.47%	0.00	0.00%
2014	59,392,322.00	491,771,929.22	12.08%	0.00	0.00%
2013	29,696,161.00	320,811,958.67	9.26%	0.00	0.00%

The Company (including its subsidiaries) made profit in the reporting period and the profits distribution of the common shares held by the shareholders of the Company (without subsidiaries) was positive, but it did not put forward a preplan for cash dividend distribution of the common shares:

Applicable Inapplicable

II. Pre-plan for profit allocation and turning capital reserve into share capital for the reporting period

Applicable Inapplicable

Bonus shares for every 10 shares (share)	0
Dividend for every 10 shares (RMB Yuan) (tax included)	0.25
Turning capital reserve into share capital for every 10 shares (share)	0
Total shares as the basis for the allocation preplan (share)	593,923,220
Total cash dividends (RMB Yuan) (tax included)	14,848,080.50
Distributable profit (RMB Yuan)	129,189,600.72
Percentage of the cash bonus of the total profits dividends	100.00%
Cash dividend situation	
If the development phase of the Company was the mature period with significant funds expenditures arrangement, when executing the profits distribution, the proportion of the cash bonus of the profits distribution should at least reach 40%.	
Details about the profit allocation or turning capital reserve into share capital	

After the audit by Ruihua CPAs (LLP), the net profits realized by the Company of 2015 that attributed to the owners of the parent company was of RMB141,840,462.97 and the distributable profits of 2015 was of RMB129,189,600.72 after the withdrawal of the statutory surplus reserve of RMB12,650,862.25 which was of 10% of the current net profits of the parent company. and deducted the distributed 2014 cash bonus of RMB59,392,322.00 as well as added the retained profits at the year-begin of RMB957,050,401.65, thus the actual accumulative distributable profits for the shareholders was of RMB1,026,847,680.37. In view of the funds demand of the Company owing to the production and operating projects construction was still rather big, in order to ensure the sustainable and stable development, the preplan of the 2015 profits distribution and the transfer and increase from the reserved funds to the capital share was planed as: based on the total share capital on 31 Dec. 2015, the Company distributed a cash dividend of RMB0.25 (tax included) for every 10 shares to the whole shareholders, with 0 share of the bonus shares (tax included), and there was no turn from capital reserve to share capital.

III. Performance of commitments

1. Commitments completed by the Company, the shareholders, the actual controllers, the purchasers, the Directors, the Supervisors and the Senior Executives or the other related parties during the reporting period and those hadn't been completed execution up to the period-end

√ Applicable □ Inapplicable

Commitment	Commitment maker	Commitment type	Contents	Time of making commitment	Period of commitment	Fulfillment
Commitment on share reform						
Commitment in the acquisition report or the report on equity changes	ADAMA Celsius B.V.; ADAMA Agricultural Solutions Ltd.	Commitments on the horizontal competition, the related transaction and the capital occupation	I. Commitments on avoiding horizontal competition: 1. except for the Company proposed conducting transaction may lead to competition in domestic trade with Shenzhen NOPOSITION Agrochemical Co., Ltd. disclosed in the B Shares Offer Acquisition Report of Hubei Sanonda CO., Ltd. The Company will take effective measures to avoid the Company and its controlling subsidiaries engaged in the same or similar business with Hubei Sanonda CO., Ltd. within the territory.2. If the Company or its controlling subsidiaries domestically conduct related business which form horizontal competition with Hubei Sanonda CO., Ltd. in future (including related business of the Company proposed conducting transaction may lead to competition in	2013-09-07	2020-09-06	The commitments were being carried out and the commitment makers abided by the above commitments.

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

			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."			
	China National Chemical Corporation	Commitments on the horizontal competition, the related transaction and the capital occupation	I. Commitments on avoiding horizontal competition: 1. The business of the Company's subsidiaries-- Jiangsu Anpon Electrochemical Co., Ltd., Anhui Petroleum Chemical Group Co., Ltd., Shangdong Dacheng Agrochemical Co., Ltd. and Jiamusi Heilong Agrochemicals Co., Ltd., and Hunan Haohua Chemical Co., Ltd. and its 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	2013-09-07	2020-09-06	The commitments were being carried out and the commitment maker abided by the above commitments.

			<p>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 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	Commitments on the horizontal competition, the related transaction and the capital occupation	<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</p>	2013-09-07	9999-12-31	<p>The commitments were being carried out and the commitment maker abided by the above commitments.</p>

			shareholders and Sanonda of which the personnel, assets, finance, business and institutions will be completely separated, and at the same time maintain the operation ability of Sanonda that independently face to the China agrochemical industry market. 2. The Company will avoid and reduce the related transactions with Sanonda according to the requirements stipulated by the laws, regulations and other normative documents; but for those related transactions that are inevitable or occur with reasonable cause, will have to obey the just, fair and open market principles. And to sign the agreement according to the law and to carry out legal program, and to make sure not to harm the legal interest of Sanonda and other 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						
Commitment on equity incentive						
Other commitments made to minority shareholders	Jiang Chenggang; Li Zhongxi	Commitments on the increase of the shareholding	“1. The Supervisory Board Chairman of the Company Mr. Jiang Chenggang planned to purchase the shares of the Company of over 5000 shares through the secondary market by the self-rising funds in the future 6 months (2015.7.13-2016.1.12); 2. The Board	13 Jul. 2015	2016-01-12	Owing to the suspension of the Company's shares from 5 Aug. 2015 to the disclosure

			Secretary Mr. Li Zhongxi planned to purchase the shares of the Company of over 5000 shares through the secondary market by the self-rising funds in the future 6 months (2015.7.13-2016.1.12)".			date, Mr. Li Zhongxi could not execute the commitments on increasing the shareholding. While Mr. Jiang Chenggang had completed the execution of the commitments.
Executed timely or not?	Yes					
If the commitments failed to complete the execution when expired, should specifically explain the reasons of unfulfillment and the net stage of the working plan	Inapplicable					

2. The assets or projects existing profit forecast, which were still in the profit forecast period, the Company made note and explain to the assets or project arrived at original profit forecast

Applicable Inapplicable

IV. Occupation of the Company's capital by the controlling shareholder or its related parties for non-operating purposes

Applicable Inapplicable

The Company was not involved with such situation during the reporting period.

V. 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

VI. Explanation of the changes of the accounting policy, the accounting estimates and the accounting methods compared to the last financial report

Applicable Inapplicable

No such cases in the reporting period.

VII. Explain retrospective restatement due to correction of significant accounting errors in the reporting period

Applicable Inapplicable

No such cases in the reporting period.

VIII. Explain change of the consolidation scope as compared with the financial reporting of last year

Applicable Inapplicable

No such cases in the reporting period.

IX. Particulars about engagement and disengagement of CPAs firm

CPAs firm engaged at present

Name of domestic CPAs firm	Ruihua CPAs (LLP)
Remuneration for domestic CPAs firm for the reporting period (RMB Ten Thousand Yuan)	85
Consecutive years of the audit services provided by domestic CPAs firm	6
Name of domestic CPAs firm	Tang Qiyong, Yin Donghan

Reengage the CPAs firm at current period or not?

Yes No

Particulars on engaging the audit firm for the internal control, financial adviser or sponsor

Applicable Inapplicable

The CPAs engaged for the internal control and audit of the reporting period: Ruihua CPAs (LLP).

No financial consultant and sponsor.

X. Particulars about trading suspension and termination faced after the disclosure of annual report

Applicable Inapplicable

XI. Bankruptcy and reorganization

Applicable Inapplicable

No such cases in the reporting period.

XII. Significant lawsuit or arbitration

Applicable Inapplicable

No such cases in the reporting period.

XIII. Punishment and rectification

Applicable Inapplicable

No such cases in the reporting period.

XIV. The honesty situations of the Company, its controlling shareholders and actual controller

Applicable Inapplicable

During reporting period, there was no effective judgment of a court and large amount of debt maturity that the Company, its controlling shareholders and actual controller failed to perform or pay off.

XV. The actual implementation of the stock incentive plan, ESOP, or other Staff incentives

Applicable Inapplicable

No such cases in the reporting period.

XVI. Significant related-party transactions

1. Related-party transactions relevant to 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.,	Under the same	Purchase	Equipments and service	Market price	-	787.4		15,500	No	Cash remittance		20 Jul. 2015	Announcement NO.: 2013-34;

Ltd.	ultimate controller												Name of the announcement: 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	Purchase of the raw materials	Market price	-	48.66	10,500	No	Cash remittance		20 Jul. 2015	Ditto	
Bluestar Environmental Engineering Co., Ltd.	Under the same ultimate controller	Purchase	Purchase of the raw materials	Market price	-	15.6		No	Cash remittance				
Beijing Grand AgroChem Ltd.	Under the same ultimate controller	Purchase	Purchase of the raw materials	Market price	-	735.04		Yes	Cash remittance				
ADAMA Agricultural Solutions Ltd.	Under the same ultimate controller	Sales	Sales of the pesticides	Market price	-	9,818.73	10,000	No	Cash remittance		3 Feb. 2015	Announcement NO.: 2015-3; Name of the announcement: Announcement	

													ent on 2015 Routine Related Transactions ; information disclosed on http://www.cninfo.com.cn
Total	--	--	11,405.43	--	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)	The amount purchased from the related party, Hao Hua and Bluestar Beijing Chemical Machinery Co., Ltd. was of RMB8.3606 million, mainly due to the original EPC total contract work contacts signed in Y2013 failed to complete the execution.												
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

Whether there was non-operating credit and liability with related parties

Yes No

The Company was not involved in any non-operating credit and liability with related parties.

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 RMB664,131.60.
2. Balance of bank deposit of Chemchina Finance Co., Ltd. of the Group at the period- begin was of RMB82,266,671.62 period-end was of RMB140,000,000.00; interest of bank deposit of this year was of RMB1,978,679.94, and interest of the paid of short-term loan of this year was of RMB1,404,208.34.
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.

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 China National Chemical Financial Corporation Continuing to Provide Financial Services to the Company	28 May 2013	www.cninfo.com.cn

XVII. 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. Significant guarantees

√ Applicable □ Inapplicable

(1) List of guarantees

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 Co., Ltd.	3 Feb. 2015	31,900	3 Feb. 2015	12,400	Joint Liability Guarantee	1 year	No	Yes
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		5.91%	
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

(2) Particulars about illegal external guarantee

Applicable Inapplicable

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

3. Cash assets management entrustment

(1) Wealth management entrustment

Applicable Inapplicable

No such cases in the reporting period.

(2) Entrustment loans

Applicable Inapplicable

No such cases in the reporting period.

(4) Other significant contracts

Applicable Inapplicable

No such cases in the reporting period.

XVIII. Other significant events

Applicable Inapplicable

During the reporting period, the Company was planning the significant assets reorganization projects led to the subsuspension of the Company's shares since 5 Aug. 2015 with the details of the progress of the reorganization, please refer to the Announcement on the Significant Assets Reorganization Progress successive disclosed by the Company.

XIX. Significant events of subsidiaries

Applicable Inapplicable

XX. Social responsibilities

Applicable Inapplicable

Through abiding by policy of safety, quality, environmental protection and benefit, the company carries out production operating activities in strict accordance with OHSAS18001 Occupation Health and Safety Management System, ISO14001 environment management system, ISO9001 quality management system and national cleaner production standards. Through vigorously developing technology improvement in the aspects of production equipments, technique and off-gas governance, the Company improves the intrinsically safe degree of the production device, promotes lean production, energy conservation and emission reduction, as well as reduce energy and material consumption. And the comprehensive energy consumption and water consumption of ten thousand Yuan production value decreases gradually. The Company enlarges the investment in environmental protection, promotes the comprehensive improvement of the environment, develops the environmental protection technology transformation item and constantly improves the environmental performance.

The Company put emphasis on the training and education on the employees and constantly strengthens their awareness on safety and environmental protection. On the basis of increase of company benefits and sustainable development, the Company steadily improves the revenue of the employees. And at the same time, reinforces investment on safety protection for employees and strive to improve their work and life environment.

Our company strives to protecting consumers' rights and interests in real sense through continuously promoting product quality and severely cracking down on counterfeit and shoddy products. We strengthen communications among customers, suppliers and other stakeholders and actively response to the appeal of the customers, and do great effort for realization of multi-win-win based on equality and free will. On the basis of safeguarding sustainable development, the company attaches great importance to investors' returns, and enlarges the cash bonus vigor in recent years. To positively participate in and make the donation for the social public welfare and charity activities, and to drive the local economic development as well as to promote the coordinate harmonious development of the Company with the society, and the nature by the self development.

Does the listed company or its subsidiaries belong to the heavily polluting industries stipulated by the environmental protection authorities of the country?

Yes No Inapplicable

1. All the construction projects had gone through the evaluation of the environmental influence, and had passed the examination of the Principal, Municipal Environmental Protection Bureau, which agreed the approval documents of construction. Strictly carried out the three-simultaneous system of environmental protection, which stipulated the simultaneous design, the simultaneous construction, the simultaneous commissioning that ensured the volume increased without increased pollution.

2. The Company took the lead in carrying out the SO14001 International Environmental Management Standards System in the same

industry and received the authentication certificate, which played an important role for promoting the enterprises environmental management level and improving the enterprises environmental appearance. Enlarged the environmental protection investment to ensure the three wastes emission met with the standards. Local environmental monitoring departments executed irregular monitoring of the release of the three wastes, and the result of the monitoring indicated that the Company turned out to reach the up-to-standard release of the three wastes basically; and the Company passed the clean production examination and approval as well as acceptance with no environmental pollution accident and other environmental violation for recent years. The expenditure amount of the 2015 environmental protection investment was of 37 million and with the newly constructed thermoelectric project out-of-stock device and the upgrade transformation system of the dust removal, the emission reductions of the nitric oxide and the smoke dust was respectively of 122 tons and 14 tons. During the review report of the conformance of the environmental protection laws and regulations which be executed every year, the Company successfully passed the evaluation of the certification authority (the third party) for the situation of laws and disciplines observation. The Company revised the Emergency Preplan for Environment to the Environmental Protection Department and passed the evaluation organized by Hubei province Environmental Protection Department and consistently organized training, maneuver and evaluation for ensure the effectiveness of the preplan.

Whether issue social responsibility report or not?

Yes No

XXI. Corporation bonds

Whether existing corporation bonds public issued and listed in Stock Exchange and maturity or maturity but not fully paid on the approval report date of annual report

No

Section VI. Change in Shares & Shareholders

I. Changes in shares

I. Changes in shares

Unit: share

	Before the change		Increase/decrease (+/-)					After the change	
	Amount	Proportion	Newly issue share	Bonus shares	Capitalization of public reserves	Other	Subtotal	Amount	Proportion
I. Restricted shares	27,123	0.00%				-6,592	-6,592	20,531	0.00%
3. Shares held by domestic investors	27,123	0.00%				-6,592	-6,592	20,531	
Shares held by domestic natural person	27,123	0.00%				-6,592	-6,592	20,531	0.00%
II. Shares not subject to trading moratorium	593,896,097	100.00%				6,592	6,592	593,902,689	100.00%
1. RMB ordinary shares	363,899,172	61.27%				3,517	3,517	363,902,689	61.27%
2. Domestically listed foreign shares	229,996,925	38.73%				3,075	3,075	230,000,000	38.73%
III. Total shares	593,923,220	100.00%						593,923,220	100.00%

Reason for the change in shares

 Applicable Inapplicable

The Company's original Director Li Zuorong was retired, whose holding share of the Company (Locking part of executives) 8017 shares of A share were unlocked, the original supervisor Liu Jun left his post, whose holding share of the Company (Locking part of executives) 3075 shares of B share, Current chairman of supervisors Jiang Chenggang increase holding share of the Company (Locking part of executives) 6000 shares of A share due to performing commitment which lead to the new increase of 4500 shares of executives lock share.

Approval of the change in shares

 Applicable Inapplicable

Reason for the change in shares

 Applicable Inapplicable

Effects of the change in shares on the basic EPS, diluted EPS, net assets per share attributable to common shareholders of the

Company and other financial indexes over the last year and last period

Applicable Inapplicable

Other contents that the Company considered necessary or were required by the securities regulatory authorities to disclose

Applicable Inapplicable

2. Changes in restricted shares

Applicable Inapplicable

Unit: share

Name of shareholder	Number of opening restricted share	Number of unlocked restricted shares	Increase number of restricted share	Number of closing restricted share	Reason	Date of unlocked
Li Zuorong	8,017	8,017	0	0	Executive lock share	2015.10.29
Jiang Chenggang	0	0	4,500	4,500	Executive lock share	9999.12.31
Liu Jun	3,075	3,075	0	0	Executive lock share	2015.10.29
Total	11,092	11,092	4,500	4,500	--	--

II. Issuance and listing of securities

1. Issuance of securities (excluding preferred stock) in reporting period

Applicable Inapplicable

2. Explanation on changes in share capital & the structure of shareholders, the structure of assets and liabilities

Applicable Inapplicable

3. Existent shares held by internal staffs of the Company

Applicable Inapplicable

III. Particulars about the shareholders and actual controller

1. Total number of shareholders and their shareholding

Unit: share

Total number of shareholders	63,199 (Of which A share	Total number of shareholders on	63,196 (Of which A	Total number of preferred	0	Total number of preferred	0
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at the reporting period	shareholders 44502)	the 30th trading day before the disclosure date of the annual report	share shareholders 44499)	stockholder with vote right restored(if any)		stockholder with vote right restored on the 30th trading day before the disclosure date of the annual report(note 8)		
Shareholding of shareholders holding more than 5% shares								
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	Amount
Sanonda Group Co., Ltd.	State-owned corporation	20.15%	119,687,202			119,687,202		
ADAMA Celsius B.V.	Overseas corporation	10.60%	62,950,659			62,950,659		
Chen Lichun	Domestic individual	1.14%	6,790,954	6,790,954		6,790,954		
Qichun County State-owned Assets Administration	On behalf of government	0.70%	4,169,266			4,169,266		
Jiang Jian	Domestic individual	0.61%	3,595,123	3,595,123		3,595,123		
China Securities Finance Corp.	Other	0.47%	2,817,300	2,817,300		2,817,300		
NORGES Bank	Overseas corporation	0.44%	2,634,504			2,634,504		
ICBC- Lion Medium-and-small-cap Selected Stock Securities Investment Fund	Other	0.42%	2,480,384	2,480,384		2,480,384		
BOC --MANULIFE Teda Total Return Bond Fund	Other	0.38%	2,252,947	2,252,947		2,252,947		
ICBC - JT Tianfu	Other	0.36%	2,160,078	2,160,078		2,160,078		

Reform New Power Flexible Configuration of Hybrid Securities Investment Funds								
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 Celsius Property B.V. are related parties, and under the same control of China National Chemical Agrochemical Corporation, and are acting-in-concert parties as prescribed in the Administrative Methods for Acquisition of Listed Companies. It is unknown whether the other shareholders are related parties or acting-in-concert parties as prescribed in the Administrative Methods for Acquisition of Listed Companies.							
Particulars about shares held by top 10 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		Amount				
		Type of share	Amount					
Sanonda Group Co., Ltd.	119,687,202	RMB shares	ordinary	119,687,202				
ADAMA Celsius B.V.	62,950,659	Domestically listed shares	foreign	62,950,659				
Chen Lichun	6,790,954	RMB shares	ordinary	6,790,954				
Qichun County State-owned Assets Administration	4,169,266	RMB shares	ordinary	4,169,266				
Jiang Jian	3,595,123	RMB shares	ordinary	3,595,123				
China Securities Finance Corp.	2,817,300	RMB shares	ordinary	2,817,300				
NORGES Bank	2,634,504	Domestically listed shares	foreign	2,634,504				
ICBC- Lion Medium-and-small-cap Selected Stock Securities Investment Fund	2,480,384	RMB shares	ordinary	2,480,384				
BOC --MANULIFE Teda Total Return Bond Fund	2,252,947	RMB shares	ordinary	2,252,947				
ICBC - JT Tianfu Reform New Power	2,160,078	RMB shares	ordinary	2,160,078				

Flexible Configuration of Hybrid Securities Investment Funds		shares	
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	Qichun County Administration of State-Owned Assets held shares of the Company on behalf of the state. Sanonda Group Corporation and Celsius Property B.V. are related parties, and under the same control of China National Chemical Agrochemical Corporation, and are acting-in-concert parties as prescribed in the Administrative Methods for Acquisition of Listed Companies. It is unknown whether the other shareholders are related parties or acting-in-concert parties as prescribed in the Administrative Methods for Acquisition of Listed Companies.		
Particular about shareholder participate in the securities lending and borrowing business (if any)	1. Shareholder Chen Lichun held 6,309,732 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 6,790,954 shares of the Company in total. 2. Shareholder Jiang Jian held 3,415,123 shares of the Company through a credit collateral securities trading account and held 180,000 shares of the Company through a common securities account, who thus held 3,595,123 shares of the Company in total.		

Did any 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 shareholders of a company did not conducted the transaction of repurchase under the agreement during the reporting period

2. Particulars about the controlling shareholder

Nature of controlling shareholder: The central state-owned

Type of controlling shareholder: legal person

Name of controlling shareholder	Legal representative / company principal	Date of establishment	Organization code	Business scope
Jingzhou Sanonda Co., Ltd.	An Liru	22 Jun. 1994	17898778-9	Pesticides and chemicals, chemical fertilizer, veterinary drug, feedstuff and chemical products; production and operation of thermoelectricity; medical product, circulation of agricultural product, development of real estate, agent and import & export of goods and technology (excluding goods or technology banned or limited to be imported and exported by the country)

Shares held by the controlling shareholder in other listed companies by holding or shareholding during the reporting period	Inapplicable
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Change of the controlling shareholder during the reporting period

Applicable Inapplicable

The controlling shareholder did not change during the reporting period

3. Particulars about actual controller

Nature of actual controller: State-owned Assets Supervision and Administration Commission

Type of actual controller: nature person

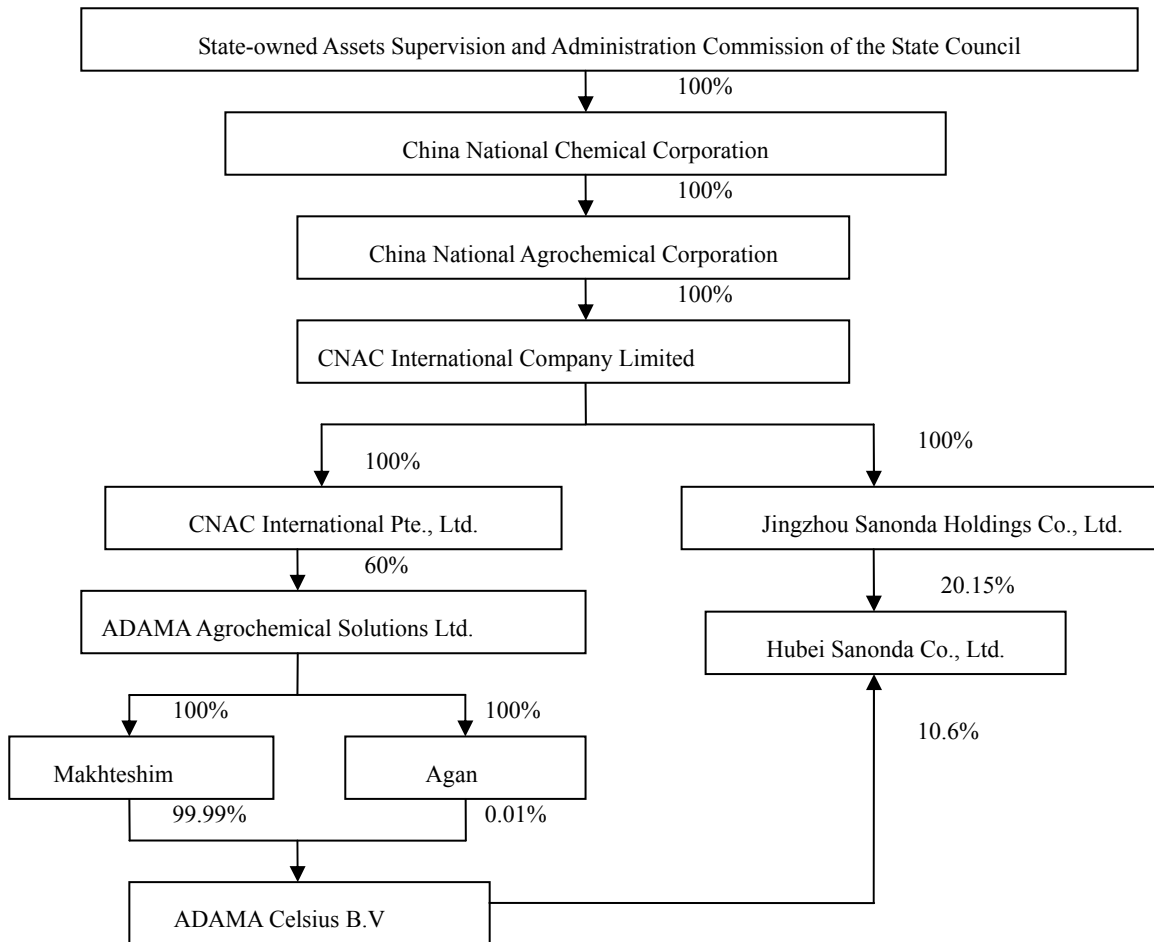
Name of the actual controller	Legal representative / company principal	Date of establishment	Organization code	Business scope
State-owned Assets Supervision and Administration Commission of the State Council	-	23 Jul. 2008	-	-
Shares held by the actual controller in other listed companies by holding or shareholding during the reporting period	Inapplicable			

Change of the actual controller during the reporting period

Applicable Inapplicable

The actual controller did not change during the reporting period

Block diagram of equity and control relationship between the company and actual controller:



The actual controller controls the Company via trust or other ways of asset management

Applicable Inapplicable

4. Particulars about other corporate shareholders with shareholding proportion over 10%

Applicable Inapplicable

Name of corporate shareholder	Legal representative / company principal	Date of establishment	Registered capital	Main business or management activity
ADAMA Celsius B.V.	Inapplicable	24 Dec. 1987	EUR18,045.45	Wholesale of basic and industrial chemicals

5. Particulars about restriction of reducing holding-shares of controlling shareholders, actual controller, restructuring parties and other commitment entities

Applicable Inapplicable

Section VII. Preferred stock

Applicable Inapplicable

There was no preferred stock during reporting period.

Section VIII. Directors, Supervisors, Senior Management Staff & Employees

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

Name	Position	Current/former	Gender	Age	Beginning date of office term	Ending date of office term	Shares held at the year-begin (share)	Amount of shares increased at the reporting period (share)	Amount of shares decreased at the reporting period (share)	Other changes increase/decrease	Shares held at the year-begin (share)
An Liru	Chairman of the Board	Current	Male	46	29 Apr. 2015		0	0	0	0	0
Guo Hui	Director	Current	Male	52	29 Apr. 2015		0	0	0	0	0
She Zhili	Director	Current	Female	51	29 Apr. 2015		0	0	0	0	0
Shiri Ailon	Director	Current	Female	40	29 Apr. 2015		0	0	0	0	0
Ai Qihong	Independent director	Current	Male	47	26 Feb. 2010		0	0	0	0	0
Zhang Huide	Independent director	Current	Female	51	9 Jul. 2010		0	0	0	0	0
Li Dejun	Independent director	Current	Male	58	9 Jul. 2010		0	0	0	0	0
Liu Anping	GM	Current	Male	48	11 May 2012		0	0	0	0	0
Yin Hong	Vice GM	Current	Male	48	6 Jan. 2013		0	0	0	0	0
Xie Chengli	Vice GM	Current	Male	48	6 Jan. 2013		0	0	0	0	0
Liu	GM	Current	Male	40	6 Jan.		21,375	0	0	0	21,375

Zhiming					2013						
Jiang Chenggan	Chairman of the Supervisor	Current	Male	41	6 Jan. 2013		0	6,000	0	0	6,000
Fu Liping	Supervisor	Current	Male	50	6 Jan. 2013		0	0	0	0	0
Ding Shaojun	Supervisor	Current	Male	53	24 Jan. 2013		0	0	0	0	0
Dong Chunji	Supervisor	Current	Male	47	29 Apr. 2015		0	0	0	0	0
Xu Yan	Supervisor	Current	Female	43	29 Apr. 2015		0	0	0	0	0
Li Zhongxi	Chairman Secretary	Current	Male	45	9 Feb. 2000		0	0	0	0	0
Li Zuerong	Original Chairman of the Board	Former	Male	65	18 Dec. 2005	29 Apr. 2015	10,690	0	0	0	10,690
He Xuesong	Original Director, CFO	Former	Male	60	18 Dec. 2005	29 Apr. 2015	0	0	0	0	0
Liu Jianhua	Original GM	Former	Male	37	11 May 2012	29 Apr. 2015	0	0	0	0	0
Zhou Cheng	Original supervisor	Former	Male	46	26 Feb. 2010	29 Apr. 2015	0	0	0	0	0
Liu Jun	Original supervisor	Former	Female	54	7 Feb. 2001	29 Apr. 2015	4,100	0	0	0	4,100
Total	--	--	--	--	--	--	36,165	6,000	0		42,165

II. Particulars about changes of Directors, Supervisors and Senior Executives

Name	Position	Type	Date	Reason
An Liru	Chairman of the Board	Engaged	29 Apr. 2015	General election
Guo Hui	Director	Engaged	29 Apr. 2015	General election
She Zhili	Director	Engaged	29 Apr. 2015	General election

Shiri Ailon	Director	Engaged	29 Apr. 2015	General election
Li Zuorong	Chairman of the Board	Left as serve term expired	29 Apr. 2015	Retired
Liu Anping	Director	Left as serve term expired	29 Apr. 2015	Job changes
He Xuesong	Director, CFO	Left as serve term expired	29 Apr. 2015	Job changes
Yin Hong	Director	Left as serve term expired	29 Apr. 2015	Job changes
Xie Chengli	Director	Left as serve term expired	29 Apr. 2015	Job changes
Dong Chunji	Employee supervisor	Engaged	29 Apr. 2015	Elected by workers' conference
Xu Yan	Supervisor	Engaged	29 Apr. 2015	General election
Zhou Cheng	Supervisor	Former	29 Apr. 2015	Voluntary demission
Liu Jun	Supervisor	Left as serve term expired	29 Apr. 2015	Job changes
Liu Jianhua	GM	Former	29 Apr. 2015	Job changes

III. Resumes of important personnel

Main working experience of current directors, supervisors and senior management staff

Mr. An Liru, Master of chemical engineering and MBA, senior engineering, senior economist, worked since 1991. He successively acted as Assistant of GM, Vice GM, GM, Deputy Party Secretary of Jiangsu Anpon Electrochemical Co., Ltd. Chairman of Directors, Party Secretary of Jiangsu Huaihe Chemicals Co., Ltd.. Since Apr. 2014, he acts as CCO and Party Secretary of China National Agrochemical Corporation and Executive Directors (Legal representative) and CEO of Jiangsu Maidao Agrochemical Co., Ltd.. Since 29 Apr. 2015, he acts as the Chairman of Directors of the Company.

Mr. Guo Hui, Master of Chemical Engineering, Professor Level Senior Engineer, work since 1985. He successively acted as Deputy Director of Chemical Investment Planning Department, Development Plan of SINOPEC, Senior GM of Dapeng Securities Investment Bank, Deputy Director of Enterprise Reform Department of China Haohua Chemical Group Co., Ltd. Deputy Director of Asset Operation Department of China National Chemical Corporation Since Dec. 2004; he acts as Deputy GM of China National Agrochemical Corporation. Since 29 Apr. 2015, he acts as Directors of the Company.

Ms. She Zhili, master of commercial economy, Senior Accountant, works since 1983; she successively acted as GM of Financial Department, Audit Department of China National Pharmaceutical Corporation and Deputy Chief Accountant and Director of Financial Department. Since Apr. 2014, he acts as Deputy Chief Accountant of China National Agrochemical Corporation and Director of Financial Department and Supervisor of Jingzhou Sanonda Co., Ltd. Since 29 Apr. 2015, he acts as Director of the Company.

Ms. Shiri Ailon, Israeli Citizenship, Lawyer of Israel Certification MBA of Saïd Business School, she acted as Assistant Lawyer of Erdinast Ben-Nathan&Co., Executive Assistant of CEO and Strategy and Business Development Senior Assistant in ADAMA Agricultural Solutions Ltd., the Head of Executive Director, Development and Integration of China in ADAMA Agricultural Solutions Company Development and M&A. Since May 2014, she acts as Deputy CEO of Agricultural Solutions Company. Since 29

Apr. 2015, he acts as Director of the Company.

Mr. Ai Qihong, he has been a teacher of Xiangtan University since 2003. From Sep. 2005 to Jun. 2008, he was a doctor scholar in Xiangtan University majored in chemical engineering and received doctor degree in Jun. 2008. He has been acted as Independent Director of the Company since Feb. 2010.

Ms. Zhang Huide, associate professor of Zhongnan University of Economics and Law, supervisor of postgraduate, a CPA, member of Accounting Society of China, committee of Accounting Computerization Commission of Department of Finance of Hubei Province, training teacher for primary and intermediate accounting computerization. She is a teacher for Auditing skill applied in accounting computerization in national tax and local tax and has been involving in accounting computerization, teaching and research of ERP accounting information system as well as its actual application for many years. Now she acts as independent director of Golden Laser Co., Ltd. Fubon Stock, TECH Stock. She has been acted as Independent Director of the Company since Jul. 2010.

Mr. Li Dejun, born in 1957, Doctor degree, he successively acted as Chief Officer, Deputy Chief, Chief of CCNU and Research Institute of Wuhan Province Commission for Restructuring Economic System and Editor in Chief of Overview of Private Economy, Secretary General of Research Institute of Hubei Province Commission for Restructuring Economic System and Hubei Province Culture and Economy Research Society, Chief of Hubei Regional Economic Development Research Center as well as Independent Director of Chutian High-speed, Angel Yeast, Xingfu Industry and so on. He has been acted as Independent Director of the Company since Jul. 2010.

Mr. Liu Anping, he acted as the Company's Director, Assistant of GM from Dec. 2005 to Aug. 2006; Director, Deputy General Manager of the Company from Aug. 2006 to May 2012; Director and GM of the Company from May 2012 to Apr. 2015; He acted as GM of the Company since 29 Apr. 2015.

Mr. Yin Hong, acted as the Director of the Company from Aug. 2006 to Apr. 2015; and he has been the Vice GM of the Company since Jan. 2013.

Mr. Xie Chengli, acted as General Manager and Chairman of the Board of Directors of Hubei Sanonda Tianmen Agrochemical Co., Ltd from Jan. 2006 to Feb. 2009; worked as Assistant to General Manager of the Company from Feb. 2009 to Jan. 2013; and he has been the Director and Vice GM of the Company from Jan. 2013 to Apr. 2015. He has been the Vice GM of the Company since 29 Apr. 2015.

Mr. Liu Zhiming, acted as the Factory Director and Party Branch Secretary of the Pesticide 1st Plant of the Company from Jan. 2007 to Dec. 2012; and he has been the Assistant to GM of the Company since Jan. 2013.

Mr. Jiang Chenggang, acted as the Supervisor, Deputy Director of the Office and Deputy Secretaries of the Discipline Inspection Commission of the Company from Jun. 2006 to Jun. 2012; acted as the Chairman of the Labor Union, Supervisor, Deputy Director of the Office and Deputy Secretaries of the Discipline Inspection Commission of the Company from Jun. 2012 to Dec. 2012; and he has been the Chairman of the Labor Union, Supervisor and Secretaries of the Discipline Inspection Commission of the Company since Jan. 2013.

Mr. Fu Liping, acted as the Vice Factory Director and Factory Director of the Pesticide 3rd Plant of the Company from Jan. 2007 to Dec. 2012; and he has been the Employee Supervisor and Factory Director of the Pesticide 4th Plant of the Company since Jan. 2013 and employee Supervisor and Factory Director of the Pesticide 3rd Plant of the Company since Jan. 2014.

Mr. Ding Shaojun, acted as the Vice GM and GM of the Sales Company of the Company from Jul. 2001 to Jun. 2009; and acted as the GM and Secretary of Party Branch of the Thermoelectricity Company of the Company from Jul. 2009 to Dec. 2012; and he has been the Supervisor of the Company, GM and Secretary of Party Branch of the Thermoelectricity Company of the Company since Jan. 2013.

Mr. Dong Chunji, Engineer. He acted as Deputy Plant Manager, Plant Manager of Energy Power Plant of the Company from Jan 2000 to Dec. 2012, and Minister of Audit Department since Jan. 2013. Since 29 Apr. 2015, he acts as Supervisor of the Company.

Ms. Xu Yan, Senior Accountant, she worked since 1991, successively acted as Financial Director of Fine Chemical Factory of Hubei Sanonda Co., Ltd. and Sanonda Jiangnan Pharmacy Factory, Financial Section Chief of Jingzhou Coal Chemical Industry Co., Ltd., Financial Executive, and Assistant of Finance Minister of Sanonda Group Co., Ltd. She acts as Deputy Finance Minister of Sanonda

Group Co., Ltd. Since 29 Apr. 2015, acts as Supervisor of the Company.

Mr. Li Zhongxi, he has been the Secretary to the Board of Directors and the Office Chief of the Company since Feb. 2000.

Post-holding in shareholder units

Applicable Inapplicable

Name of the person holding any post in any shareholder unit	Name of the shareholder unit	Position in the shareholder unit	Beginning date of office term	Ending date of office term	Receives payment from the shareholder unit?
Liu Anping	Jingzhou Sanonda Co., Ltd.	Party Secretary	1 May 2012		No

Post-holding in other units

Applicable Inapplicable

Name of the person holding any post in any shareholder unit	Name of other unit	Position in other unit	Beginning date of office term	Ending date of office term	Receives payment from the shareholder unit?
Liu Anping	Hubei Sanonda Foreign Trading Co., Ltd.	Executive Director	1 Dec. 2005		No
Yin Hong	Jingzhou Hongxiang Chemicals Co., Ltd.	Chairman of the Board	1 Apr. 2007		No
Ai Qihong	Xiangtan University	Professor	1 Jan. 2003		Yes
Zhang Huide	Zhongnan University of Economics	Associate Professor	1 Oct. 2002		Yes
Zhang Huide	Wuhan Golden Laser Co.,Ltd.	Independent director	1 Apr. 2009		Yes
Zhang Huide	Hubei Fubon Technology Co., Ltd.	Independent director	1 Feb. 2011		Yes
Zhang Huide	TECH Semiconductors Co., Ltd	Independent director	6 Jan. 2015		Yes
Li Dejun	The Economic System Reform Institute of Hubei Province	Secretary general	1 Dec. 2009		No
Li Dejun	Angel Yeast Co., Ltd.	Independent director	18 Apr. 2013		Yes
Li Dejun	Chutian Expressway Co., Ltd.	Independent director	1 Jun. 2010		Yes

Particulars about the Company's current directors, supervisors and senior punishments from Securities Regulatory Institution of recent three years in reporting period

Applicable Inapplicable

IV. Remuneration for directors, supervisors and senior management

Decision-making procedure, determining basis and actual payment for the remuneration of directors, supervisors and senior management

In line with the Appraisal Scheme for Implementing Remuneration of Directors and Senior Management Staffs and the annual operating target, the remuneration of Management Staffs was recognized and the Board appraised Senior management staffs based on the work report and business achievement of Senior management staffs.

Independent directors would not enjoy salary in the Company while the Company would drop annual allowance (after tax) of RMB 50,000 to independent directors respectively. Independent directors would present relevant meetings, perform responsibilities according to Articles of Association and apply for allowance factually.

Annual salary for supervisors was paid according to their posts.

Remuneration of the directors, supervisors and senior management of the Company during the reporting period is as follow:

Unit: RMB Thousand Yuan

Name	Position	Gender	Age	Current/former	Total before-tax remuneration gained from the Company	Whether gained remuneration from the related parties of the Company
An Liru	Chairman of the Board	Male	46	Current	0	Yes
Guo Hui	Director	Male	52	Current	0	Yes
Yu Zhili	Director	Female	51	Current	0	Yes
Shiri Ailon	Director	Female	40	Current	0	Yes
Ai Qihong	Independent director	Male	47	Current	5	No
Zhang Huide	Independent director	Female	51	Current	5	No
Li Dejun	Independent director	Male	58	Current	5	No
Liu Anping	GM	Male	48	Current	38	No
Yin Hong	Vice GM	Male	48	Current	34	No
Xie Chengli	Vice GM	Male	48	Current	34	No
Liu Zhiming	GM	Male	40	Current	31	No
Jiang Chenggang	Chairman of the Supervisor	Male	41	Current	28	No
Fu Liping	Supervisor	Male	50	Current	13	No
Ding Shaojun	Supervisor	Male	53	Current	13	No
Dong Chunji	Supervisor	Male	47	Current	13	No
Xu Yan	Supervisor	Female	43	Current	13	No

Li Zhongxi	Chairman Secretary	Male	45	Current	28	No
Li Zuorong	Original Chairman of the Board	Male	65	Former	19	No
He Xuesong	Original Director, CFO	Male	60	Former	20	No
Liu Jianhua	Original GM	Male	37	Former	5	No
Zhou Cheng	Original supervisor	Male	46	Former	2	No
Liu Jun	Original supervisor	Female	54	Former	13	No
Total	--	--	--	--	319	--

Situations of equity incentives awarded to the directors, supervisors and senior management of the Company during the reporting period

Applicable Inapplicable

V. About employees

(I) As at 31 Dec. 2015 the Company totally had 1877 employees in service, and has to undertake partial expenses for 1494 retired workers. The Company executed overall labor contract system, and carried out relevant provisions stipulated by the state as well as local laws and statutes. Expenses for retirees were all paid by society.

(II) Specialty classification of employees:

Specialty category	Number
Production personnel	1474
Technicians	123
Financial personnel	23
Sales personnel	54
Administrative personnel	203

(III) Education classification of employees

Education	Number
Master above	12
Bachelor	335
Junior college	466
Other	1046

Employee's remuneration policy and training plan

The Company firstly reset the positions and personnel as well as adjusted the wage structure, set up Salary Management Regulations of 2015 and strengthened staffs' position performance appraisal. Secondly, the Company established legal holiday overtime management regulations, according to the standard prescribed by the national legal holiday overtime pay.

(V) Employee's training plan and relevant situation

In 2015, the Company adhered to the people-oriented, paid attention to employee training, strengthen the quality promotion, gradually establish professional training system, focus on the professional training, set up annual training plan, highlight job-transfer rotational training, improved the employee's quality and operation skills comprehensively and systematically, reduced safety risk and enhanced sense of identity. The Company opened up comprehensive knowledge rotational training 44 people. Organized job training and completed training classes approximately 1800, training 12000 people. Sufficiently made use of self sources, almost 100 technical personnel held the post education training teachers. Organized job transfer training with 1847 training classes and trained 331 people. Organized 46 people take part in team leader remote network training.

Situation of remuneration cost of Company

	Reporting period
Total number of employees accepted salaries(person)	1,877
Total salaries (Ten thousand Yuan)	19,503
Proportion of operation revenue in reporting period	8.99%
Average salary of senior executives (Ten thousand Yuan/person)	32.17
Average salary of total employees (Ten thousand Yuan/person)	9.99

Section IX. Corporate Governance

I. Basic details of corporate governance

During the reporting period, the Company continuously improved the awareness of corporate governance and corporate governance structure and perfected the corporate system as well as standardized the operation of the Company, promoted internal control activities, and constantly improve the Company's management levels stringently according to requirements of relevant laws and regulations like the Company Law, Securities Law, and Corporate Governance Principle of Listed Company, as well as Rules for Listing Shares in Shenzhen Stock Exchange. During the reporting period, the Company set up "Management System of Change of Share Holding in Directors, Supervisors and Senior Managers "and" Media Questioned Response System of the Company", and Revised the Remuneration and Appraisal Plan of Directors and Senior Management, and Perfected the Management System of Related transaction, etc according to announcement On Further Strengthening the Disclose Internal Management. During reporting period, the Company set up "Response System to Media Question" According to "Listed Company's Articles of Association Guidelines (Revised in 2014) and the Rules of the General Meeting of Shareholders of Listing Company (Revised in 2014)" issued by the China Securities Regulatory Commission. During the preparation of the report, "the Articles of Association" of the Company, "the Rules of Procedure of the Shareholders' General Meeting" was revised

Whether it exists any difference between the corporate governance and the Company Law and relevant rules of CSRC or not?

Yes No

There is no difference between the corporate governance and the Company Law and relevant rules of CSRC.

II. Particulars about the Company's separation from the controlling shareholder in respect of business, personnel, assets, organization and financial affairs

1. In the aspect of personnel: the Company and controlling shareholder are mutually independent in the labor, personnel and salary management, the Company general manager, deputy general manager and other senior management personnel get the salary in the Company, and not perform administrative work in the controlling shareholder unit.
2. In respect of assets: the Company's production system, auxiliary systems and facilities property rights belong to the Company and have registered trademark and other intangible assets in law; the Company has independent procurement and sales system, The Company's assets relationship between the controlling shareholder and the Company was clear, there was no such thing as a free possession or usage.
3. In respect of financing, the Company owned independent financial department, established independent accounting system and financial management system, opened independent bank account, paid tax in line with laws.
4. In respect of organization, the Company has set up the organization that was independent from the controlling shareholder completely, the Board of Directors, the Supervisory Committee and internal organization could operate independently.
5. In respect of business: the Company had a complete business system and independent operation. There was no competition between the controlling shareholders.

III. Horizontal competition

Applicable Inapplicable

IV. Particulars about the annual shareholders' general meeting and special shareholders' general meetings held during the reporting period

1. Particulars about the shareholders' general meeting in reporting period

Session	Type	Proportion of investors' participation	Convening date	Disclosure date	Index to the disclosed
The Annual Shareholders' General Meeting of 2014	The Annual Shareholders' General Meeting	0.11%	3 Apr. 2015	4 Apr. 2015	Announcement on Resolutions Made at the 2014 Annual Shareholders' General Meeting (Announcement No.: 2015-17) was published on www.cninfo.com.cn
The First Special Shareholders' General Meeting for 2015	Special Shareholders' General Meeting	0.08%	29 Apr. 2015	30 Apr. 2015	Announcement on First Special Shareholders' General Meeting (Announcement No.: 2015-26) was published on www.cninfo.com.cn
The Second Special Shareholders' General Meeting for 2015	Special Shareholders' General Meeting	0.20%	9 Nov. 2015	10 Nov. 2015	Announcement on Second Special Shareholders' General Meeting (Announcement No.: 2015-54) was published on www.cninfo.com.cn

Particulars about institutional investors

Name of institutional investors	Numbers of directors	Participation times
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2. Special Shareholders' General Meeting applied by the preferred stockholder with restitution of voting right

Applicable Inapplicable

V. Performance of the Independent Directors

1. Particulars about the independent directors attending the board sessions and the shareholders' general meetings

1. Particulars about the independent directors attending the board sessions						
Independent director	Sessions required to attend during the reporting period	Attendance in person	Attendance by way of telecommunication	Entrusted presence (times)	Absence rate	Non-attendance in person for two consecutive times
Li Dejun	9	7	2	0	0	No
Zhang Huide	9	6	3	0	0	No
Ai Qihong	9	6	3	0	0	No
General meetings sat in on by independent directors		3				

Note to non-attendance in person for two consecutive times

2. Particulars about independent directors proposing objection on relevant events

Whether independent directors propose objection on relevant events or not?

Yes No

During the reporting period, no independent directors proposed any objection on relevant events of the Company.

3. Other explanations about the duty performance of independent directors

Whether advices to the Company from independent directors were adopted or not

Yes No

Explanation on the advices of independent directors for the Company being adopted or not adopted

During the reporting period, the Company independent director according to the Company Law, the Listed Corporate Governance Standards, "Articles of Association" and "Company of the Independent Director System" focused on the Company operation actively, independently perform their duties, put forward lot of valuable professional suggestions to the company's information disclosure, complete system and daily management decision-making, etc. issue the independent and impartial advice to related transaction, hiring annual audit institutions, guaranty matters and other events need advice of the independent director, play a proper role in improving the supervision of company safeguard the legitimate rights and interests of company and all shareholders.

VI. Performance of the Special Committees under the Board during the reporting period

(I) Performance of the Audit Committee of the Board

According to regulations of CSRC and Shenzhen Stock Exchange, The Annual Work System of Independent Director and Detailed Rules for the Implementation of the Audit Committee of the Board of the Company, and based on the principle of faithfulness, the Company give full play to the supervisory function, during the reporting period mainly fulfill the following duties:

A. Supervise and review the Company's financial information and its disclosure. B. Supervise the Company's internal audit system

and its implementation. C. Review whether the Company's establish a sound internal control system and its implementation. D. Supervise the communication between internal audit and external audit:

(II) Duty performance of the Remuneration & Appraisal Committee under the Board: During the reporting period, the Remuneration & Appraisal Committee of the Company examined Proposal of the Remuneration of the Directors, Supervisors and Senior Management Staffs of the Company in 2015, evaluate annual performance of their duties of the directors, supervisors and senior management staffs of the Company, put forward the Company senior management staffs performance incentives and submitted to the board of directors of the Company.

(III) Duty performance of the Nomination Committee under the Board:

In accordance with the Company's Articles of Association and Rules for Nomination Committee under the Board, the Company's Nomination Committee carefully examined the senior management staffs engaged during the reporting period, further perfecting the corporate governance structure; standardize the Company directors and managers hiring procedure.

(IV) Duty performance of Strategy Committee under the Board:

During the reporting period, Strategy committee, in accordance with the Company the implementation details the strategy committee of the board to perform his duties; to enhance the competitiveness; the Strategy Committee studied long-term development strategic planning and put forward suggestions for the Company.

VII. Performance of the Supervisory Committee

During the reporting period, the Supervisory Committee found whether there was risk in the Company in the supervisory activity

Yes No

The Supervisory Committee has no objection on the supervised events during the reporting period.

VIII. Performance Evaluation and Incentive Mechanism for Senior Management Staff

In respect of the appraisal for senior management staffs, the Company is mainly in accordance with the annual business performance and performance of personal duties to realize annual remuneration to senior management staffs. And the Company hasn't conducted any equity incentive plan recently. The Company will, in line with market-oriented principles, constantly perfect appraisal and incentive mechanism, closely link remuneration of senior management staffs with administration level and business performance, fully arouse and motivate enthusiasm and creativity of senior management staffs, and maximize shareholder's value as a result.

IX. Internal Control

1. Particulars about significant defects found in the internal control during reporting period

Yes No

2. Self-appraisal report on internal control

Disclosure date of the Self-appraisal Report on Internal Control	18 Mar. 2016
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Disclosure index of the Self-appraisal Report on Internal Control	http://www.cninfo.com.cn	
The proportion of total assets included in evaluation scope entities in the Company's total assets of the consolidated financial statements	100.00%	
The proportion of operation revenue included in evaluation scope entities in the Company's operation revenue of the consolidated financial statements	100.00%	
Defect judging standards		
Category	Financial Report	Non-Financial Report
Qualitative criteria	Great defect was referred to one or several defect groups may badly influence the effectiveness of overall internal control which lead to the Company cannot avoid or find the consequence badly deviate from the overall control objectives.	Great defect was referred to one or several defect groups may badly influence the effectiveness of overall internal control which lead to the Company cannot avoid or find the consequence badly deviate from the overall control objectives.
Quantitative criteria	Great defect was referred to one or several defect groups may lead to the Company badly deviate from the control objectives which arrived at 0.5% or above of total operating revenue in consolidated financial statements.	Great defect was referred to one or several defect groups may lead to the Company badly deviate from the control objectives which arrived at 0.5% or above of total operating revenue in consolidated financial statements.
Number of significant defects of financial report (Piece)	0	
Number of significant defects of non-financial report (Piece)	0	
Number of important defects of financial report (Piece)	0	
Number of important defects of non-financial report (Piece)	0	

X. Audit report on internal control

Applicable Inapplicable

Audit opinion paragraphs in the Audit Report on Internal Control
We believe that the Company has maintained effective internal control on financial report in all significant respects according to the Basic Rules for Enterprise Internal Control and relevant regulations on 31 Dec. 2015.

Particulars about Audit Report on Internal Control	Disclosure
Disclosure date of the Audit Report on Internal Control	18 Mar. 2016
Disclosure index of the Audit Report on Internal Control	http://www.cninfo.com.cn
Type of Audit Report on Internal Control	Unqualified auditor's report
Whether there is significant defect in non-financial report	No

Whether the CPAs firm issues an Audit Report on Internal Control with non-standard opinion or not?

Yes No

Whether the Audit Report on Internal Control from the CPAs firm is in consistent with the Self-appraisal Report from the Board or not?

Yes No

Section X. Financial Report

I. Auditor's report

Type of audit opinion	Standard unqualified audit opinion
Date for signing the auditor's report	15 Mar. 2016
Name of the audit firm	Ruihua China Certified Public Accountants (LLP)
Document Number of the auditor's report	[2016] No. 02160006
Name of the CPA	Tang Qiyong, Yin Donghan

Text of the Auditor's Report

Auditor's Report

RHSZ [2016] No. 02160006

TO THE SHAREHOLDERS OF HUBEI SANONDA CO., LTD.

We have audited the accompanying financial statements of Hubei Sanonda Co., Ltd. (the "Company" or "Sanonda") and its subsidiaries (hereinafter jointly referred to as "the Group"), which comprise the consolidated and the Company's balance sheets as at 31 Dec. 2015, the consolidated and the Company's income statements, the consolidated and the Company's statements of change in equity, the consolidated and the Company's cash flow statements for the year then ended, and notes to the financial statements.

I. The management level's responsibility for the financial statements

The management of the Company is responsible for the preparation of these financial statements and fair presentation. These responsibilities include: (1) preparing financial statements according to the Accounting Standards for Business Enterprises and make them a fair presentation; and (2) designing, implementing and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

II. Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with Auditing Standards for CICPA. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit includes performing audit procedures, so as to obtain audit evidence to support the amounts and disclosures in the financial statements. Audit procedures are relied on the auditors' judgments, including assessment on the risk of material misstatement of these financial statements arising from fraud or error. In risk assessment procedures, we consider internal controls relating to the preparation of these financial statements to design appropriate audit procedures. An audit also includes assessing the reasonability of accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation.

We believe that the audit evidence we have obtained is sufficient and effective, providing a reasonable basis for our opinion.

III. Audit opinion

In our opinion, the financial statements comply with the Accounting Standards for Business Enterprises in all material respects and present fairly the Group's consolidated financial position as at 31 Dec. 2015 and its consolidated business results and cash flows for the year then ended, as well as the Company's financial position as at 31 Dec. 2015 and its business results and cash flows for the year then ended.

Ruihua China Certified Public Accountants (LLP)
Beijing·China

CPA of China: Tang Qiyong
CPA of China: Yin Donghan

15 Mar. 2016

II. Financial statements

Monetary unit of notes to financial statements: RMB Yuan

1. Consolidated balance sheet

Prepared by Hubei Sanonda Co., Ltd.

31 Dec. 2015

Unit: RMB Yuan

Item	31 Dec. 2015	31 Dec. 2014
Current Assets:		
Monetary funds	406,098,208.72	423,347,736.46
Settlement reserves		
Intra-group lendings		
Financial assets measured at fair value of which changes are recorded in current profits and losses		
Derivative financial assets		
Notes receivable	34,433,010.97	2,874,466.50
Accounts receivable	180,450,531.93	195,635,912.75
Accounts paid in advance	20,413,365.68	19,444,766.16
Premiums receivable		
Reinsurance premiums receivable		
Receivable reinsurance contract reserves		
Interest receivable		
Dividend receivable		
Other accounts receivable	9,847,451.35	19,679,596.65
Financial assets purchased under agreements to resell		
Inventories	287,824,164.30	330,541,606.05

Assets held for sale		
Non-current assets due within 1 year		
Other current assets	14,685,220.14	
Total current assets	953,751,953.09	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 real estate	5,036,745.54	5,363,928.28
Fixed assets	1,684,051,200.09	1,248,826,394.76
Construction in progress	143,683,545.15	423,857,021.70
Engineering materials		88,970,010.63
Disposal of fixed assets		
Production biological assets		
Oil-gas assets		
Intangible assets	165,569,924.44	140,020,897.12
R&D expense		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	11,021,018.38	13,199,137.78
Other non-current assets	5,000,000.00	13,384,400.00
Total of non-current assets	2,023,516,216.23	1,942,775,572.90
Total assets	2,977,268,169.32	2,934,299,657.47
Current liabilities:		
Short-term borrowings	20,000,000.00	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 at fair value of which changes are recorded in current profits and losses		

Derivative financial liabilities		
Notes payable		15,000,000.00
Accounts payable	134,357,481.77	216,786,274.77
Accounts received in advance	26,666,138.22	34,830,464.65
Financial assets sold for repurchase		
Handling charges and commissions payable		
Payroll payable	30,308,341.73	25,740,973.02
Tax payable	26,858,466.27	72,051,904.29
Interest payable	1,123,849.31	
Dividend payable	250,000.00	250,000.00
Other accounts payable	25,511,333.81	31,749,791.93
Reinsurance premiums payable		
Insurance contract reserves		
Payables for acting trading of securities		
Payables for acting underwriting of securities		
Liabilities held for sale		
Non-current liabilities due within 1 year	244,000,000.00	500,000.00
Other current liabilities		
Total current liabilities	509,075,611.11	471,909,408.66
Non-current liabilities:		
Long-term borrowings	343,590,000.00	431,590,000.00
Bonds payable		
Of which: preferred shares		
Perpetual bonds		
Long-term payables	650,000.00	650,000.00
Long-term payroll payables		
Specific payables		
Estimated liabilities		
Deferred income	26,570,088.61	22,754,814.82
Deferred income tax liabilities		
Other non-current liabilities		

Total non-current liabilities	370,810,088.61	454,994,814.82
Total liabilities	879,885,699.72	926,904,223.48
Owners' equity:		
Share capital	593,923,220.00	593,923,220.00
Other equity instruments		
Of which: preferred shares		
Perpetual bonds		
Capital reserves	263,063,461.97	263,184,043.66
Less: Treasury stock		
Other comprehensive income		
Specific reserves	22,848,859.15	15,425,099.43
Surplus reserves	190,699,248.11	178,048,385.86
Provisions for general risks		
Retained profits	1,026,847,680.37	957,050,401.65
Total equity attributable to owners of the Company	2,097,382,469.60	2,007,631,150.60
Minority interests		-235,716.61
Total owners' equity	2,097,382,469.60	2,007,395,433.99
Total liabilities and owners' equity	2,977,268,169.32	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	31 Dec. 2015	31 Dec. 2014
Current Assets:		
Monetary funds	378,450,204.94	349,250,284.42
Financial assets measured at fair value of which changes are recorded in current profits and losses		
Derivative financial assets		
Notes receivable	32,331,010.97	2,874,466.50
Accounts receivable	352,274,073.40	360,573,034.99
Accounts paid in advance	19,218,775.50	18,069,109.19

Interest receivable		
Dividend receivable		
Other accounts receivable	1,535,805.55	76,252,385.90
Inventories	275,057,647.64	319,798,378.74
Assets held for sale		
Non-current assets due within 1 year		
Other current assets	387,633.86	
Total current assets	1,059,255,151.86	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 real estate	5,036,745.54	5,363,928.28
Fixed assets	1,543,099,613.97	1,091,620,961.82
Construction in progress	139,297,997.97	423,857,021.70
Engineering materials		88,970,010.63
Disposal of fixed assets		
Production biological assets		
Oil-gas assets		
Intangible assets	150,253,232.11	127,725,897.93
R&D expense		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	8,855,180.95	10,510,039.23
Other non-current assets	5,000,000.00	13,384,400.00
Total of non-current assets	1,916,223,188.58	1,826,112,677.63
Total assets	2,975,478,340.44	2,952,930,337.37
Current liabilities:		
Short-term borrowings	20,000,000.00	75,000,000.00
Financial liabilities measured at fair value of which changes are recorded in current profits and losses		
Derivative financial liabilities		
Notes payable		15,000,000.00

Accounts payable	129,017,385.70	210,008,050.11
Accounts received in advance	24,885,411.49	22,676,046.39
Payroll payable	28,311,263.93	22,596,483.36
Tax payable	21,773,193.24	85,567,106.10
Interest payable	1,123,849.31	
Dividend payable	250,000.00	250,000.00
Other accounts payable	23,536,806.94	30,090,888.88
Liabilities held for sale		
Non-current liabilities due within 1 year	244,000,000.00	500,000.00
Other current liabilities		
Total current liabilities	492,897,910.61	461,688,574.84
Non-current liabilities:		
Long-term borrowings	343,590,000.00	431,590,000.00
Bonds payable		
Of which: preferred shares		
Perpetual bonds		
Long-term payables	650,000.00	650,000.00
Long-term payroll payables		
Specific payables		
Estimated liabilities		
Deferred income	19,686,755.26	14,888,148.15
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	363,926,755.26	447,128,148.15
Total liabilities	856,824,665.87	908,816,722.99
Owners' equity:		
Share capital	593,923,220.00	593,923,220.00
Other equity instruments		
Of which: preferred shares		
Perpetual bonds		
Capital reserves	263,799,837.18	263,799,837.18
Less: Treasury stock		
Other comprehensive income		

Specific reserves	17,879,746.84	10,455,987.12
Surplus reserves	190,699,248.11	178,048,385.86
Retained profits	1,052,351,622.44	997,886,184.22
Total owners' equity	2,118,653,674.57	2,044,113,614.38
Total liabilities and owners' equity	2,975,478,340.44	2,952,930,337.37

3. Consolidated income statement

Unit: RMB Yuan

Item	2015	2014
I. Total operating revenues	2,169,936,637.07	3,131,186,300.05
Including: Sales income	2,169,936,637.07	3,131,186,300.05
Interest income		
Premium income		
Handling charge and commission income		
II. Total operating costs	1,988,281,269.45	2,465,984,036.81
Including: Cost of sales	1,729,416,788.12	2,192,274,088.19
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	15,426,595.52	6,606,935.80
Selling and distribution expenses	84,149,115.89	97,828,145.48
Administrative expenses	116,918,295.25	125,293,281.02
Financial expenses	14,207,495.95	27,161,121.43
Asset impairment loss	28,162,978.72	16,820,464.89
Add: Gain/(loss) from change in fair value ("-" means loss)		
Gain/(loss) from investment ("-" means loss)	1,667,155.76	1,716,466.00

Including: share of profits in associates and joint ventures		
Foreign exchange gains (“-” means loss)		
III. Business profit (“-” means loss)	183,322,523.38	666,918,729.24
Add: non-operating income	5,774,583.49	4,823,907.57
Including: Gains on disposal of non-current assets	80,003.58	76,490.60
Less: non-operating expense	71,737.16	3,076,652.52
Including: Losses on disposal of non-current assets	47,981.54	21,677.41
IV. Total profit (“-” means loss)	189,025,369.71	668,665,984.29
Less: Income tax expense	47,069,771.82	177,382,131.06
V. Net profit (“-” means loss)	141,955,597.89	491,283,853.23
Net profit attributable to owners of the Company	141,840,462.97	491,771,929.22
Minority shareholders’ income	115,134.92	-488,075.99
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	141,955,597.89	491,283,853.23
Attributable to owners of the Company	141,840,462.97	491,771,929.22
Attributable to minority shareholders	115,134.92	-488,075.99
VIII. Earnings per share		
(I) Basic earnings per share	0.2388	0.8280
(II) Diluted earnings per share	0.2388	0.8280

Where business mergers under the same control occurred in this reporting period, the net profit achieved by the merged parties before the business mergers was RMB XXX, with the corresponding amount for the last period being RMB XXX.

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	2015	2014
I. Total sales	2,210,096,588.36	3,138,163,705.20
Less: cost of sales	1,793,926,045.78	2,207,188,868.64
Business taxes and surcharges	15,309,939.37	6,418,266.63
Distribution expenses	79,881,628.77	89,534,392.89
Administrative expenses	107,986,235.81	105,405,163.52

Financial costs	18,002,209.57	27,979,173.45
Impairment loss	29,769,315.90	16,183,866.12
Add: gain/(loss) from change in fair value (“-” means loss)		
Gain/(loss) from investment (“-” means loss)	1,667,155.76	1,716,466.00
Including: income from investment on associates and joint ventures		
II. Business profit (“-” means loss)	166,888,368.92	687,170,439.95
Add: non-operating income	4,101,250.17	3,838,468.58
Including: Gains on disposal of non-current assets	80,003.28	74,384.94
Less: non-operating expense	55,101.89	1,900,607.83
Including: Losses on disposal of non-current assets	47,981.54	21,677.41
III. Total profit (“-” means loss)	170,934,517.20	689,108,300.70
Less: Income tax expense	44,425,894.73	171,966,925.23
IV. Net profit (“-” means loss)	126,508,622.47	517,141,375.47
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	126,508,622.47	517,141,375.47
VII. Earnings per share		
(I) Basic earnings per share		
(II) Diluted earnings per share		

5. Consolidated cash flow statement

Unit: RMB Yuan

Item	2015	2014
I. Cash flows from operating activities:		
Cash received from sale of commodities and rendering of service	1,828,429,901.21	2,956,964,032.36
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 disposal of financial assets measured at fair value of which changes are recorded into 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	36,715,951.72	30,957,390.54
Other cash received relating to operating activities	23,527,915.17	23,365,727.14
Subtotal of cash inflows from operating activities	1,888,673,768.10	3,011,287,150.04
Cash paid for goods and services	1,162,607,327.67	1,743,544,298.07
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	203,266,586.53	207,427,145.93
Various taxes paid	168,416,970.49	225,801,242.06
Other cash payment relating to operating activities	78,292,830.61	135,340,608.06
Subtotal of cash outflows from operating activities	1,612,583,715.30	2,312,113,294.12
Net cash flows from operating activities	276,090,052.80	699,173,855.92
II. Cash flows from investing activities:		
Cash received from withdrawal of investments		
Cash received from return on investments	1,667,155.76	1,716,466.00
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	1,667,155.76	1,717,816.00
Cash paid to acquire fixed assets, intangible assets and other long-term assets	299,433,155.03	394,819,264.29
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	299,433,155.03	394,819,264.29
Net cash flows from investing activities	-297,765,999.27	-393,101,448.29
III. Cash Flows from Financing Activities:		
Cash received from capital contributions		
Including: Cash received from minority shareholder investments by subsidiaries		
Cash received from borrowings	411,605,350.00	479,659,359.80
Cash received from issuance of bonds		
Other cash received relating to financing activities	4,500,000.00	
Subtotal of cash inflows from financing activities	416,105,350.00	479,659,359.80
Repayment of borrowings	311,105,350.00	705,269,565.35
Cash paid for interest expenses and distribution of dividends or profit	96,509,984.27	71,088,591.71
Including: dividends or profit paid by subsidiaries to minority shareholders		
Other cash payments relating to financing activities		2,070,000.00

Sub-total of cash outflows from financing activities	407,615,334.27	778,428,157.06
Net cash flows from financing activities	8,490,015.73	-298,768,797.26
IV. Effect of foreign exchange rate changes on cash and cash equivalents	436,403.00	1,478,204.88
V. Net increase in cash and cash equivalents	-12,749,527.74	8,781,815.25
Add: Opening balance of cash and cash equivalents	418,847,736.46	410,065,921.21
VI. Closing balance of cash and cash equivalents	406,098,208.72	418,847,736.46

6. Cash flow statement of the Company

Unit: RMB Yuan

Item	2015	2014
I. Cash flows from operating activities:		
Cash received from sale of commodities and rendering of service	1,767,558,591.55	2,721,769,889.28
Tax refunds received	17,304,929.94	23,083,897.73
Other cash received relating to operating activities	23,252,761.15	92,468,682.36
Subtotal of cash inflows from operating activities	1,808,116,282.64	2,837,322,469.37
Cash paid for goods and services	1,063,025,264.15	1,663,650,870.84
Cash paid to and for employees	192,508,520.76	198,112,066.92
Various taxes paid	162,618,946.37	223,837,271.44
Other cash payment relating to operating activities	70,888,821.44	118,306,489.22
Subtotal of cash outflows from operating activities	1,489,041,552.72	2,203,906,698.42
Net cash flows from operating activities	319,074,729.92	633,415,770.95
II. Cash flows from investing activities:		
Cash received from retraction of investments		
Cash received from return on investments	1,667,155.76	1,716,466.00
Net cash received from disposal of		1,350.00

fixed assets, intangible assets and other long-term assets		
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	1,667,155.76	1,717,816.00
Cash paid to acquire fixed assets, intangible assets and other long-term assets	295,633,155.03	393,505,156.18
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	295,633,155.03	393,505,156.18
Net cash flows from investing activities	-293,965,999.27	-391,787,340.18
III. Cash Flows from Financing Activities:		
Cash received from capital contributions		
Cash received from borrowings	371,000,000.00	411,000,000.00
Cash received from issuance of bonds		
Other cash received relating to financing activities	4,500,000.00	
Subtotal of cash inflows from financing activities	375,500,000.00	411,000,000.00
Repayment of borrowings	270,500,000.00	560,390,000.00
Cash paid for interest expenses and distribution of dividends or profit	96,130,659.70	71,088,591.71
Other cash payments relating to financing activities		2,070,000.00
Sub-total of cash outflows from financing activities	366,630,659.70	633,548,591.71
Net cash flows from financing activities	8,869,340.30	-222,548,591.71

IV. Effect of foreign exchange rate changes on cash and cash equivalents	-278,150.43	-178,674.99
V. Net increase in cash and cash equivalents	33,699,920.52	18,901,164.07
Add: Opening balance of cash and cash equivalents	344,750,284.42	325,849,120.35
VI. Closing balance of cash and cash equivalents	378,450,204.94	344,750,284.42

7. Consolidated statement of changes in owners' equity

2015

Unit: RMB Yuan

Item	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 incomes	Specific reserve	Surplus reserve	General risk reserve			Retained profit
	Preferred shares	Perpetual bonds	Other										
I. Balance at the end of the previous year					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													

	previous periods												
Business mergers under the same control	Business mergers under the same control												
Other	Other												
II. Balance at the beginning of the year	II. Balance at the beginning of the year				263,184,043.66			15,425,099.43	178,048,385.86		957,050,401.65	-235,716.61	2,007,395,433.99
III. Increase/decrease in the period (“-” means decrease)	III. Increase/decrease in the period (“-” means decrease)				-120,581.69			7,423,759.72	12,650,862.25		69,797,278.72	235,716.61	89,987,035.61
(I) Total comprehensive incomes	(I) Total comprehensive incomes										141,840,462.97	115,134.92	141,955,597.89

(II) Capital increased and reduced by owners	(II) Capital increased and reduced by owners				-120,581.69						120,581.69	
1. Common shares increased by shareholders	1. Common shares increased by shareholders											
2. Capital increased by holders of other equity instruments	2. Capital increased by holders of other equity instruments											
3. Amounts of share-based payments recognized in owners' equity	3. Amounts of share-based payments recognized in owners' equity											
4. Other	4. Other				-120,581.69						120,581.69	

(III) Profit distribution	(III) Profit distribution								12,650,862.25		-72,043,184.25		-59,392,322.00
1. Appropriations to surplus reserves	1. Appropriations to surplus reserves								12,650,862.25		-12,650,862.25		
2. Appropriations to general risk provisions	2. Appropriations to general risk provisions												
3. Appropriations to owners (or shareholders)	3. Appropriations to owners (or shareholders)										-59,392,322.00		-59,392,322.00
4. Other	4. Other												
(IV) Internal carry-forward of owners' equity	(IV) Internal carry-forward of owners' equity												
1. New increase of capital (or share capital)	1. New increase of capital (or share capital)												

from capital public reserves	se of capital (or share capital) from capital public reserves											
2. New increase of capital (or share capital) from surplus reserves	2. New capital (or share capital) from surplus reserves											
3. Surplus reserves for making up losses	3. Surplus reserves for making up losses											
4. Other	4. Other											
(V) Specific reserve	(V) Specific reserve						7,423,759.72					7,423,759.72
1. Withdrawn for the period	1. Withdrawn for the period						10,793,695.00					10,793,695.00

2. Used in the period	2. Used in the period							3,369,935.28				3,369,935.28
(VI) Other	(VI) Other											
IV. Closing balance	IV. Closing balance				263,063,461.97			22,848,859.15	190,699,248.11		1,026,847,680.37	2,097,382,469.60

2014

Unit: RMB Yuan

Item	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 incomes	Specific reserve	Surplus reserve	General risk reserve	Retained profit		
	Preferred shares	Perpetual bonds	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 mergers under the same control													
Other													
II. Balance at the beginning of the 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
III. Increase/decrease in the period ("-" means decrease)							-634,189.28	51,714,137.55		410,361,630.67	-488,075.99	460,953,502.95	

(I) Total comprehensive incomes											491,771,929.22	-488,075.99	491,283,853.23
(II) Capital increased and reduced by owners													
1. Common shares increased by shareholders													
2. Capital increased by holders of other equity instruments													
3. Amounts of share-based payments recognized in owners' equity													
4. Other													
(III) Profit distribution								51,714,137.55			-81,410,298.55		-29,696,161.00
1. Appropriations to surplus reserves								51,714,137.55			-51,714,137.55		
2. Appropriations to general risk provisions													
3. Appropriations to owners (or shareholders)											-29,696,161.00		-29,696,161.00
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													
(V) Specific reserve								-634,189.28					-634,189.28
1. Withdrawn for the period								11,062,407.36					11,062,407.36
2. Used in the period								11,696,596.64					11,696,596.64
(VI) Other													
IV. Closing balance	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

8. Statement of changes in owners' equity of the Company

2015

Unit: RMB Yuan

Item	2015										
	Share capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive incomes	Specific reserve	Surplus reserve	Retained profit	Total owners' equity
		Preferred shares	Perpetual bonds	Other							
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	593,923,				263,799,8			10,455,98	178,048,3	997,886	2,044,113

beginning of the year	220.00				37.18			7.12	85.86	,184.22	,614.38
III. Increase/decrease in the period (“-” means decrease)								7,423,759.72	12,650,862.25	54,465,438.22	74,540,060.19
(I) Total comprehensive incomes										126,508,622.47	126,508,622.47
(II) Capital increased and reduced by owners											
1. Common shares increased by shareholders											
2. Capital increased by holders of other equity instruments											
3. Amounts of share-based payments recognized in owners’ equity											
4. Other											
(III) Profit distribution									12,650,862.25	-72,043,184.25	-59,392,322.00
1. Appropriations to surplus reserves									12,650,862.25	-12,650,862.25	
2. Appropriations to owners (or shareholders)									-59,392,322.00	-59,392,322.00	-59,392,322.00
3. 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											
(V) Specific reserve								7,423,759 .72			7,423,759 .72
1. Withdrawn for the period								10,793,69 5.00			10,793,69 5.00
2. Used in the period								3,369,935 .28			3,369,935 .28
(VI) Other											
IV. Closing balance	593,923, 220.00				263,799,8 37.18			17,879,74 6.84	190,699,2 48.11	1,052,3 51,622. 44	2,118,653 ,674.57

2014

Unit: RMB Yuan

Item	2014										
	Share capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehe nsive incomes	Specific reserve	Surplus reserve	Retaine d profit	Total owners' equity
		Preferre d shares	Perpetu al bonds	Other							
I. Balance at the end of the previous year	593,923, 220.00				263,799,8 37.18			11,090,17 6.40	126,334,2 48.31	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	593,923,				263,799,8			11,090,17	126,334,2	562,155	1,557,302

beginning of the year	220.00				37.18			6.40	48.31	,107.30	,589.19
III. Increase/decrease in the period (“-” means decrease)								-634,189.28	51,714,137.55	435,731,076.92	486,811,025.19
(I) Total comprehensive incomes										517,141,375.47	517,141,375.47
(II) Capital increased and reduced by owners											
1. Common shares increased by shareholders											
2. Capital increased by holders of other equity instruments											
3. Amounts of share-based payments recognized in owners’ equity											
4. Other											
(III) Profit distribution									51,714,137.55	-81,410,298.55	-29,696,161.00
1. Appropriations to surplus reserves									51,714,137.55	-51,714,137.55	
2. Appropriations to owners (or shareholders)										-29,696,161.00	-29,696,161.00
3. 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											
(V) Specific reserve											
1. Withdrawn for the period											
2. Used in the period											
(VI) Other											
IV. Closing balance	593,923, 220.00				263,799,8 37.18			10,455,98 7.12	178,048,3 85.86	997,886 ,184.22	2,044,113 ,614.38

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 RMB57,467,900, 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. RMB2.00 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 15 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, accounting for 20.02% of the Company's total shares.

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. 2012, the share capital of the Company remained unchanged. On 8 Apr. 2014, Sanonda Group Co., Ltd. changed its name into "Jingzhou Sanonda Holdings Co., Ltd."

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

The Company and its subsidiaries (hereinafter referred to as "the Group") is principally engaged in pesticide products such as triazophos, methomyl, paraquat, DDVP, acephate, glyphosate, dipterex and imidacloprid; and chemical products such as liquid caustic soda, ionic membrane caustic soda, spermine, PMIDA and trimethyl 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 Group is Jingzhou Sanonda Holdings Co., Ltd. and the ultimate controller is China National Chemical Corporation.

The financial statements for 2014 have been authorized for issuance by the Board of Directors of the Group on 16 Mar. 2016.

There were 3 subsidiaries included in to the consolidated scope in 2015 of the Company with no change of the consolidated scope of the reporting period compared of that of the last year.

IV. Basis for the preparation of financial statements

1. Preparation basis

With the going-concern assumption as the basis and based on transactions and other events that actually occurred, the Group prepared financial statements in accordance with <The Accounting Standards for Business Enterprises—Basic Standard> issued by the Ministry of Finance with Decree No. 33 and revised with Decree No. 76, the 41 specific accounting standards, the Application Guidance of Accounting Standards for Business Enterprises, the Interpretation of Accounting Standards for Business Enterprises and other regulations issued and revised from 15 Feb. 2006 onwards (hereinafter jointly referred to as "the Accounting Standards for Business Enterprises", "China Accounting Standards" or "CAS"), as well as 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.

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. Continuation

There will be no such events or situations in the 12 months from the end of the reporting period that will cause material doubts as to the continuation capability of the Company.

V. Important accounting policies and estimations

Indication of specific accounting policies and estimations:

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 Company's and the Group's financial positions as at 31 Dec. 2015, business results and cash flows for the year of 2015, and other relevant information. In addition, the Company'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.

3. Operating cycle

A normal operating cycle refers to a period from the Group purchasing assets for processing to realizing cash or cash equivalents. An operating cycle for the Group is 12 months, which are also the classification criteria for the liquidity of its assets and liabilities.

4. Recording currency

Renminbi is the dominant currency used in the economic circumstances where the Group and its domestic subsidiaries are involved. Therefore, the Group 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 year.

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

Business combinations, it is refer to two or more separate enterprises merge to form a reporting entity transactions or events.

Business combination is divided into under the same control and those non 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 reexamination, 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.

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. For details, see the "long term equity investment" or "financial instruments" of this note.

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" (See the front paragraph) 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 "Long-term equity investments measured at the equity method" of this note.

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 recognize 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 installments 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 RMB5 million or more than RMB5 million should recognize as the receivables with significant single amount.
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.

(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

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 (%)
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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.).

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 practicably 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 policies to “financial instrument” of this note.

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 policies 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 losses the controlling right by disposing part of long-term equity investment on such subsidiaries, it shall treated in accordance with the relevant accounting policies in Method on preparation of combined financial statements of this note.

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 adopt 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 labor 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 reliable 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%
Machinery equipment	Average method of useful life	3-15	2%-4%	6.4%--32.67%
Electronic equipment	Average method of useful life	9-18	4.00%	5.33%--10.67%
Transportation equipment	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, labor 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 labor relationship with any employee prior to the expiration of the relevant labor 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 owning to relieve the labor 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.

(2) Providing labor services

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

The outcome of a transaction concerning the providing of labor 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 labor services can not be measured in a reliable way, the revenue from the providing of labor services shall be recognized in accordance with the amount of the cost of labor services incurred and expected to be compensated, and make the cost of labor services incurred as the current expenses. If it is predicted that the cost of labor 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 labor services, if the part of sale of goods and the part of providing labor services can be distinguished from each other and can be measured respectively, the part of sale of goods and the part of providing labor services shall be treated respectively. If the part of selling goods and the part of providing labor services can not be distinguished from each other, or if the part of sale of goods and the part of providing labor services can be distinguished from each other but can not be measured respectively, both parts shall be conducted as selling goods.

(3) 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 contract.

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 contract could be reliable measured; ② the economic benefits related to the contract 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.

(4) Royalty revenue

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

(5) 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 Company defines the government subsidies formed as the long-term assets which acquired for purchasing and constructing or by other methods as the government subsidies related to assets and confirms which as the deferred income and executes the average distribution as well as includes in the current gains and losses within the service life of the relevant assets.

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

The Company defines the government subsidies formed as the long-term assets which acquired for purchasing and constructing or by other methods as the government subsidies related to assets while the rest of which as the government subsidies related to profits. The government subsidies related to profits used for supplementing the relevant expenses and losses during the follow-up period should be regarded as the deferred income, and be included in the current gains and losses during the period of confirming the related expenses; as those used for supplementing the occurred relevant expenses and losses, should be directly included in the current gains 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 2015 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 excepted future. Otherwise, the Company should recognize the deferred income tax liabilities arising form 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 Company 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 Company 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 Company 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 Company as the lessee

On the lease beginning date, the Company 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 Company as the lessor

On the beginning date of the lease term, the Company 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 Company 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 “Divided as held-to-sold assets” of this note.

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	406,098,208.72	418,847,736.46
Other monetary funds		4,500,000.00
Total	406,098,208.72	423,347,736.46

Other notes

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	34,433,010.97	2,874,466.50
Total	34,433,010.97	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	164,051,144.39	
Total	164,051,144.39	

(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	198,651,132.62	99.71%	18,200,600.69	9.16%	180,450,531.93	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	0.29%	584,457.52	100.00%		584,457.52	0.27%	584,457.52	100.00%	
Total	199,235,590.14	100.00%	18,785,058.21		180,450,531.93	215,166,398.53	100.00%	19,530,485.78		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	189,324,758.87	9,466,237.94	5.00%
Subtotal within 1 year	189,324,758.87	9,466,237.94	5.00%
1 to 2 years	539,514.86	53,951.49	10.00%
Over 3 years	8,786,858.89	8,680,411.26	98.79%
3 to 4 years	110,148.25	55,074.12	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	198,651,132.62	18,200,600.69	9.16%
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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 (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 RMB0.00; the amount of the reversed or collected part during the reporting period was of RMB745,427.57.

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	17,428,770.45	Within 1 year	8.75%	871,438.52

receivable A				
Customer receivable B	15,894,862.29	Within 1 year	7.98%	794,743.11
Customer receivable C	12,083,316.85	Within 1 year	6.06%	604,165.84
Customer receivable D	11,274,188.32	Within 1 year	5.66%	563,709.42
Customer receivable E	10,896,130.93	Within 1 year	5.47%	544,806.55
Total	67,577,268.84		33.92%	3,378,863.44

(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	19,657,116.96	96.30%	19,334,348.47	99.43%
1 to 2 years	695,831.03	3.40%	60,417.69	0.31%
2 to 3 years	60,417.69	0.30%	50,000.00	0.26%
Total	20,413,365.68	--	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 units	Year end balance	Aging	Proportion of the total year end balance of the accounts receivable (%)
Supplier A	8,873,069.70	Within 1 year	43.47%
Supplier B	2,869,573.82	Within 1 year	14.06%
Supplier C	2,134,819.98	Within 1 year	10.46%

Supplier D	1,129,662.11	Within 1 year	5.53%
Supplier E	1,036,000.00	Within 1 year	5.08%
Total	16,043,125.61		78.59%

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
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	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Other accounts receivable withdrawn bad debt provision according to credit risks characteristics	15,211,442.84	100.00%	5,363,991.49	35.26%	9,847,451.35	25,024,198.47	100.00%	5,344,601.82	21.36%	19,679,596.65
Total	15,211,442.84	100.00%	5,363,991.49	35.26%	9,847,451.35	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	475,017.80	23,750.89	5.00%
Subtotal within 1 year	475,017.80	23,750.89	5.00%
2 to 3 years	20,000.00	6,000.00	30.00%
Over 3 years	5,474,632.88	5,334,240.60	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	5,193,848.31	5,193,848.31	100.00%
Total	5,969,650.68	5,363,991.49	89.85%

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	9,241,792.16		
Total	9,241,792.16		

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 RMB19,389.67; 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

(3) The actual write-off other accounts receivable

Unit: RMB Yuan

Item	Amount

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

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	9,241,792.16	18,466,106.58
Liquidation amount of investment fund	3,398,275.80	3,398,275.80
Cash pledge	700,000.00	1,029,784.57
Pretty cash	728,854.26	714,696.62
Liquidation amount of goods payment	548,500.00	548,500.00
Other	594,020.62	866,834.90
Total	15,211,442.84	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 total year end balance of the accounts receivable	Closing balance of bad debt provision

Jingzhou Center Subtreasury of State Treasury	Export rebates	9,241,792.16	Within 1 year	60.76%	
Shantou Biyue Plastic Co., Ltd.	Settlement payment for investment accounts	3,125,000.00	Over 5 years	20.54%	3,125,000.00
Hubei Jingzhou Shashi Agricultural Production Materials Co., Ltd.	Settlement payment for goods	548,500.00	Over 5 years	3.61%	548,500.00
Jingzhou Production Safety Supervision Bureau	Cash pledge	300,000.00	Over 5 years	1.97%	300,000.00
Jingzhou Property Authority	Housing system ref orm fund	237,784.57	3 to 4 years	1.56%	118,892.29
Total	--	13,453,076.73	--	88.44%	4,092,392.29

(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 reserves	Book value	Book balance	Falling price reserves	Book value
Raw materials	39,185,122.07	941,716.73	38,243,405.34	34,032,778.64	1,215,718.28	32,817,060.36
Goods in process	60,066,222.32	687,819.54	59,378,402.78	74,264,991.68	2,102,897.22	72,162,094.46
Inventory goods	194,848,529.59	4,646,173.41	190,202,356.18	237,121,880.01	12,537,290.76	224,584,589.25

Turnover materials				977,861.98		977,861.98
Total	294,099,873.98	6,275,709.68	287,824,164.30	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	9,571,692.76		9,845,694.31		941,716.73
Goods in process	2,102,897.22	2,035,835.85		3,450,913.53		687,819.54
Inventory goods	12,537,290.76	17,361,488.01		25,252,605.36		4,646,173.41
Total	15,855,906.26	28,969,016.62		38,549,213.20		6,275,709.68

Item	Specific basis of withdrawal of falling price reserves of inventory	Reasons for reversal	Reasons for write-off
Raw materials	The net realizable value lower than the cost		Consumed
Goods in process	The net realizable value lower than the cost		Consumed
Inventory goods	The net realizable value lower than the cost		Sold
Turnover materials			

(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
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Other notes:

12. Non-current assets due within 1 year

Unit: RMB Yuan

Item	Closing balance	Opening balance
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Other notes:

13. Other current assets

Unit: RMB Yuan

Item	Closing balance	Opening balance
Input tax to be deducted	14,297,586.28	
Tax prepayments	387,633.86	
Total	14,685,220.14	

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				Sharehold ng	Cash bonus of
	Period-beg	Increase	Decrease	Period-end	Period-beg	Increase	Decrease	Period-end		

	in				in				proportion among the investees	the reporting period
Hubei Bank	8,008,982.63			8,008,982.63					0.71%	1,667,155.76
Guangxi Zhongding Co., Ltd.	580,800.00			580,800.00					1.41%	
Hubei Shendian Auto Motor Co., Ltd.	564,000.00			564,000.00					0.60%	
Total	9,153,782.63			9,153,782.63					--	1,667,155.76

(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
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(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 provision
		Additional investment	Reduced investment	Gains and losses recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Cash bonus or profits announced to issue	Withdrawal of impairment provision	Other		
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	327,182.74			327,182.74
(1) Withdrawal or amortization	327,182.74			327,182.74
3. Decreased amount of the period				
(1) Disposal				

(2) Other transfer				
4. Closing balance	2,898,097.46			2,898,097.46
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	5,036,745.54			5,036,745.54
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	Machinery equipment	Transportation equipment	Total
I. Original book value				

1. Opening balance	715,720,344.32	1,461,271,999.07	11,142,137.17	2,188,134,480.56
2. Increased amount of the period	128,349,454.43	516,957,716.99	5,110.00	645,312,281.42
(1) Purchase	7,535,201.35	13,709,334.23	5,110.00	21,249,645.58
(2) Transfer of project under construction	120,814,253.08	503,248,382.76		624,062,635.84
(3) Increased from enterprise merger				
3. Decreased amount of the period	186,262.51	15,271,340.53	331,373.00	15,788,976.04
(1) Disposal or scrap	186,262.51	15,271,340.53	331,373.00	15,788,976.04
4. Closing balance	843,883,536.24	1,962,958,375.53	10,815,874.17	2,817,657,785.94
II. Accumulative depreciation				
1. Opening balance	200,449,067.92	717,616,569.65	6,431,697.57	924,497,335.14
2. Increased amount of the period	36,555,526.89	173,285,022.57	20,945.77	209,861,495.23
(1) Withdrawal	36,555,526.89	173,285,022.57	20,945.77	209,861,495.23
3. Decreased amount of the period	186,262.51	15,051,097.67	325,635.00	15,562,995.18
(1) Disposal or scrap	186,262.51	15,051,097.67	325,635.00	15,562,995.18
4. Closing balance	236,818,332.30	875,850,494.55	6,127,008.34	1,118,795,835.19
III. Depreciation reserves				
1. Opening balance	2,848,203.34	11,962,547.32		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	11,962,547.32		14,810,750.66
IV. Book value				
1. Closing book value	604,217,000.60	1,075,145,333.66	4,688,865.83	1,684,051,200.09
2. Opening book value	512,423,073.06	731,692,882.10	4,710,439.60	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	8,736,063.10	6,927,877.30	1,757,484.71	50,701.09	
Machinery equipment	813,358.79	813,358.79			
Total	9,549,421.89	7,741,236.09	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

(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
Mating Sewage Treatment Project	66,464,190.24		66,464,190.24			
Modification of the 110KV transformer substation	38,133,049.11		38,133,049.11			
Saline wastewater incineration project such as sewage N-phosphonomet hyliminadiacetic acid and glyphosate	27,058,639.76		27,058,639.76			
Optimization of the pyridine engineering technology and the safety modification	4,385,547.18		4,385,547.18			
Dynamic 110KV ionic membrane substation access system	4,240,933.05		4,240,933.05	3,787,115.96		3,787,115.96
116 acres public engineering projects in Sanonda new area southeast corner	2,289,680.28		2,289,680.28			
Ionic membrane project (Zone B)				222,497,321.45		222,497,321.45
Salt mine and sodium nitrate				136,688,326.31		136,688,326.31

(Zone A)						
110KV transformer substation and exterior line (Zone A)				47,436,445.22		47,436,445.22
Pesticide Plant 1 spermine amination wastewater treatment project				7,114,614.90		7,114,614.90
Newly built clean-water reservoir project of the sewage treatment plant				106,837.62		106,837.62
Other	1,111,505.53			1,111,505.53	6,226,360.24	6,226,360.24
Total	143,683,545.15			143,683,545.15	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
Mating Sewage Treatment Project	108,500,000.00		66,464,190.24			66,464,190.24	61.26%	61.26%				Other
Modification of the 110KV transfor	45,000,000.00		38,133,049.11			38,133,049.11	86.55%	86.55%				Other

mer substatio n												
Saline wastewat er incinerat ion project such as sewage N-phosp honomet hylimina diacetic acid and glyphosa te	35,300,0 00.00		27,058,6 39.76			27,058,6 39.76	76.65%	76.65%				Other
Optimiza tion of the pyridine engineeri ng technolo gy and the safety modifica tion	3,910,00 0.00		4,385,54 7.18			4,385,54 7.18	112.16%	95.00%				Other
Dynamic 110KV ionic membra ne substatio n access system	4,900,00 0.00	3,787,11 5.96	453,817. 09			4,240,93 3.05	86.55%	86.55%				Other
116 acres public engineeri ng	6,500,00 0.00		2,289,68 0.28			2,289,68 0.28	35.23%	35.23%				Other

projects in Sanonda new area southeast corner												
Ionic membrane project (Zone B)	374,599,000.00	222,497,321.45	83,316,488.41	305,813,809.86			81.64%	100.00%	11,151,441.43	2,376,273.17	6.40%	Financial institution loans
Salt mine and sodium nitrate (Zone A)	247,021,100.00	136,688,326.31	92,362,790.34	229,051,116.65			92.73%	100.00%	10,158,844.09	2,376,299.55	6.40%	Financial institution loans
110KV transformer substation and exterior line (Zone A)	89,365,800.00	47,436,445.22	4,092,537.63	51,528,982.85			57.66%	100.00%				Other
Pesticide Plant Ispermine amination wastewater treatment project	9,200,000.00	7,114,614.90	3,180,421.98	10,295,036.88			111.90%	100.00%				Other
Total	924,295,900.00	417,523,823.84	321,737,162.02	596,688,946.24		142,572,039.62	--	--	21,310,285.52	4,752,572.72		--

(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	0.00	88,970,010.63
Total		88,970,010.63

Other notes:

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	26,478,075.00		3,800,000.00		30,278,075.00
(1) Purchase	26,478,075.00		3,800,000.00		30,278,075.00
(2) Internal R &D					
(3) Increase from					

enterprise combination					
3. Decrease in the reporting period					
(1) Purchase					
4. Closing balance	231,343,514.07		18,743,699.96	2,500.00	250,089,714.03
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	3,645,496.66		1,083,551.02		4,729,047.68
(1) Withdrawal	3,645,496.66		1,083,551.02		4,729,047.68
3. Decrease in the reporting period					
(1) Disposal					
4. Closing balance	44,212,611.83		8,232,584.23	2,500.00	52,447,696.06
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	155,058,808.71		10,511,115.73		165,569,924.44
2. Book value	132,226,230.37		7,794,666.75		140,020,897.12

of the period-begin					
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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	44,084,073.53	11,021,018.38	52,796,551.11	13,199,137.78
Total	44,084,073.53	11,021,018.38	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 assets		11,021,018.38		13,199,137.78

(4) List of unrecognized deferred income tax assets

Unit: RMB Yuan

Item	Closing amount	Opening amount
Deductible temporary difference	69,714,547.42	71,308,304.31
Deductible losses	43,388,031.90	51,356,774.22
Total	113,102,579.32	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
Y2015	0.00	117,087.68	
Y 2016	0.00	2,296,001.70	
Y 2017	615,390.77	4,936,338.43	
Y 2018	10,520,149.83	11,984,122.85	
Y 2019	31,712,691.47	32,023,223.56	
Y 2020	539,799.83		
Total	43,388,031.90	51,356,774.22	--

Other notes:

30. Other non-current assets

Unit: RMB Yuan

Item	Closing balance	Opening balance
Land compensation prepayments	5,000,000.00	13,384,400.00
Total	5,000,000.00	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		75,000,000.00
Guaranteed loan	20,000,000.00	
Total	20,000,000.00	75,000,000.00

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

Entity	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	0.00	15,000,000.00
Total		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

Item	Closing balance	Opening balance
Within 1 year (including 1 year)	95,743,429.46	203,899,132.32
1 to 2 years (including 2 years)	32,840,902.38	10,223,689.60
2 to 3 years (including 3 years)	3,416,655.30	84,199.83
Over 3 years	2,356,494.63	2,579,253.02
Total	134,357,481.77	216,786,274.77

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

Unit: RMB Yuan

Item	Closing balance	Unpaid reason
Bluestar (Beijing) Chemical Machinery Co., Ltd.	5,580,000.00	Unsettled

Beijing NDW Power Technology Development Co., Ltd.	835,000.00	Unsettled
Hubei Taigxin Chemical Co., Ltd	555,000.00	Unsettled
Jizhou Zhongyi Composite Material Co., Ltd	531,600.00	Unsettled
Shanghai Zhongfa Relay Co., Ltd	446,000.00	Unsettled
Total	7,947,600.00	--

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)	24,854,970.29	32,985,625.10
1 to 2 years (including 2 years)	99,517.70	182,240.27
2 to 3 years (including 3 years)	58,832.56	244,913.05
Over 3 years	1,652,817.67	1,417,686.23
Total	26,666,138.22	34,830,464.65

(2) Significant advance from customers aging over one year

Unit: RMB Yuan

Item	Closing balance	Unpaid 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
Retailer E	93,720.00	Unsettled
Total	534,770.00	--

(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	19,953,603.92	185,247,748.19	181,592,500.23	23,608,851.88
II. Post-employment benefit-defined contribution plans	5,787,369.10	36,604,881.45	35,692,760.70	6,699,489.85
Total	25,740,973.02	221,852,629.64	217,285,260.93	30,308,341.73

(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	136,427,069.71	138,506,918.18	15,945,567.00
2. Employee welfare		8,968,172.08	8,968,172.08	
3. Social insurance	1,908,785.83	12,373,366.29	12,847,753.79	1,434,398.33
Including: 1.				
Medical insurance premiums	1,515,672.95	9,936,111.85	10,417,487.61	1,034,297.19
Work-related injury insurance	306,824.84	1,948,029.71	1,942,986.16	311,868.39
Maternity insurance	86,288.04	489,224.73	487,280.02	88,232.75
4. Housing fund	19,402.62	26,786,518.61	20,577,034.68	6,228,886.55
5. Labor union budget and employee education budget		692,621.50	692,621.50	
Total	19,953,603.92	185,247,748.19	181,592,500.23	23,608,851.88

(3) List of drawing scheme

Unit: RMB Yuan

Item	Opening balance	Increase	Decrease	Closing balance
Basic pension benefits	4,581,831.58	27,395,404.06	27,322,509.34	4,654,726.30
Unemployment insurance	516,529.25	2,941,849.35	2,282,171.36	1,176,207.24

Annuity	689,008.27	6,267,628.04	6,088,080.00	868,556.31
Total	5,787,369.10	36,604,881.45	35,692,760.70	6,699,489.85

Other notes:

38. Taxes payable

Unit: RMB Yuan

Item	Closing balance	Opening balance
VAT	9,039,619.15	10,548,434.36
Business tax	12,430.71	7,216.92
Corporate income tax	13,798,269.67	57,100,869.86
Personal income tax	265,402.33	355,234.25
Urban maintenance and construction tax	1,995,399.58	833,195.31
Resource tax	86,809.90	48,112.29
Property tax	67,652.33	471,205.11
Land use tax	31,682.42	171,385.78
Education Surcharge	1,022,110.33	2,210,912.83
Other	539,089.85	305,337.58
Total	26,858,466.27	72,051,904.29

Other notes:

39. Interest payable

Unit: RMB Yuan

Item	Closing balance	Opening balance
Long-term loan interest of installment payment of interest and repay the due capital	1,123,849.31	
Total	1,123,849.31	

Particulars of significant overdue unpaid interest:

Unit: RMB Yuan

Entity	Overdue amount	Overdue reason

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	6,835,291.65	11,705,414.25
Energy charge	4,080,486.80	5,286,764.80
Commission	2,340,403.65	1,592,490.41
Sewage charge	1,763,989.00	
Local charge	1,430,886.11	3,429,939.32
Cash pledge	1,338,163.11	1,390,763.11
Export price difference	1,028,363.50	1,153,378.24
Margin	835,800.00	1,042,000.00
Other	5,857,949.99	6,149,041.80
Total	25,511,333.81	31,749,791.93

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

Unit: RMB Yuan

Item	Closing balance	Unpaid reason
Qichun County Bureau for State-owned Assets	300,270.90	Unsettled
Jingzhou Xintaida Logistics Co., Ltd.	300,000.00	Margin
Total	600,270.90	--

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	244,000,000.00	500,000.00
Total	244,000,000.00	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 balance

Other notes:

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

Unit: RMB Yuan

Item	Closing balance	Opening balance
Guaranteed loan	587,590,000.00	432,090,000.00
Less: Long-term loans due within 1 year	244,000,000.00	500,000.00
Total	343,590,000.00	431,590,000.00

Notes of short-term loans category:

Other notes including interest rate range:

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	Book value	Amount	Book value	Amount	Book value	Amount	Book 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

(2) Changes of defined benefit plans

Present worth of defined benefit plans obligation:

Unit: RMB Yuan

Item	Reporting period	Same period of last year
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Plan assets:

Unit: RMB Yuan

Item	Reporting period	Same period of last year
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Net liabilities (net assets) of defined benefit plans

Unit: RMB Yuan

Item	Reporting period	Same period of last year
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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	7,715,600.00	3,900,326.21	26,570,088.61	
Total	22,754,814.82	7,715,600.00	3,900,326.21	26,570,088.61	--

Items involved in government subsidies:

Unit: RMB Yuan

Item	Opening balance	Amount of newly subsidy	Amount accrued in non-business income	Other changes	Closing balance	Related to the assets/ income
Pyridine project subsidies	7,866,666.67		983,333.32		6,883,333.35	Related to the assets

Special fund for industry clean production	6,287,037.04		777,777.78		5,509,259.26	Related to the assets
Appropriation for CTC consuming and eliminating project	3,916,666.67		1,000,000.00		2,916,666.67	Related to the assets
Government Subsidy for Highly toxic pesticide	3,106,666.67		776,666.67		2,330,000.00	Related to the assets
Special fund for management of source of pollution	977,777.76		244,444.45		733,333.31	Related to the assets
Special fund for transferring environmental protection deferred	600,000.01		66,666.66		533,333.35	Related to the assets
Land compensates		7,715,600.00	51,437.33		7,664,162.67	Related to the assets
Total	22,754,814.82	7,715,600.00	3,900,326.21		26,570,088.61	--

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

Other notes:

54. Other equity instruments**(1) Basic information of preferred stock, perpetual capital securities and other financial instruments outstanding issued at period-begin****(2) Change list of preferred stock, perpetual capital securities and other financial instruments outstanding issued at period-begin**

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:

Other notes:

55. Capital reserves

Unit: RMB Yuan

Item	Opening balance	Increase	Decrease	Closing balance
Capital premium	254,688,951.94		120,581.69	254,568,370.25
Other capital reserves	8,495,091.72			8,495,091.72
Total	263,184,043.66		120,581.69	263,063,461.97

Other notes, including changes and reason of change:

Note: the decrease in the reporting period was the free purchase of 1.5% minority equity of subsidiary Jingzhou Huaxiang Chemical Co., Ltd.

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 before	Less: Amount transferred into profit and	Less: income tax expense	After-tax attribute to the parent	After-tax attribute to minority	

		income tax	loss in the current period that recognized into other comprehensive income in prior period		company	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	10,793,695.00	3,369,935.28	22,848,859.15
Total	15,425,099.43	10,793,695.00	3,369,935.28	22,848,859.15

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	12,650,862.25		186,884,162.46
Discretionary surplus reserves	3,815,085.65			3,815,085.65
Total	178,048,385.86	12,650,862.25		190,699,248.11

Other note, including changes and reason of change

Notes: Based on the regulations of the Corporation Law and Constitution, the Company should withdraw 10% of the statutory surplus reserves according to the net profits. If the accumulated amount of the statutory surplus reserves exceeded the 50% of the registered capital, the Company could no more withdraw.

60. Retained profits

Unit: RMB Yuan

Item	Reporting period	Last period
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 Company	141,840,462.97	491,771,929.22
Less: Withdrawal of statutory surplus reserves	12,650,862.25	51,714,137.55
Dividend of common stock payable	59,392,322.00	29,696,161.00
Closing retained profits	1,026,847,680.37	957,050,401.65

List of adjustment of opening retained profits:

61. Revenues and operating costs

Unit: RMB Yuan

Item	Reporting period		Same period of last year	
	Revenue	Operating costs	Revenue	Operating costs
Main operations	2,151,827,875.83	1,715,138,392.14	3,103,955,333.69	2,177,467,206.31
Other operations	18,108,761.24	14,278,395.98	27,230,966.36	14,806,881.88
Total	2,169,936,637.07	1,729,416,788.12	3,131,186,300.05	2,192,274,088.19

62. Business tax and surcharges

Unit: RMB Yuan

Item	Reporting period	Same period of last year
Business tax	133,912.54	262,154.25
Urban maintenance and construction tax	8,920,731.75	2,693,160.15
Education Surcharge	3,823,170.72	1,154,211.51
Local education surtax	2,548,780.51	2,497,409.89
Total	15,426,595.52	6,606,935.80

Other notes:

63. Sales expenses

Unit: RMB Yuan

Item	Reporting period	Same period of last year
Transport fees	36,465,361.26	36,695,479.80
Export fees	30,821,340.18	242,315,968.58
Employee's remuneration	5,253,594.43	4,225,823.56
Handling charges	3,644,177.58	2,252,469.67

Conference service fees	1,480,952.00	1,669,674.92
Charge of the business license, the organization code certificate, and the certificate of taxation registration	1,264,114.90	978,967.40
Business travel charges	1,122,413.57	977,216.00
Premium	1,091,034.99	2,006,494.68
Advertising and general publicity expense	620,071.34	899,492.53
Other	2,386,055.64	5,806,558.34
Total	84,149,115.89	97,828,145.48

Other notes:

64. Administrative expenses

Unit: RMB Yuan

Item	Reporting period	Same period of last year
Employee's remuneration	53,588,811.88	59,492,609.66
Loss on work stoppages	22,696,320.96	12,675,218.60
Tax expenses	9,235,489.18	10,239,707.95
Depreciation charge	6,083,525.92	5,923,354.12
Amortization of intangible assets	4,729,047.68	4,504,699.29
Amortization of low-price consumables	2,868,956.20	2,532,105.81
Office expenses	2,036,006.36	1,786,381.70
Business entertainment fees	2,008,579.37	2,420,196.72
Water & electricity fees	1,818,170.90	2,558,162.97
Other	11,853,386.80	23,160,844.20
Total	116,918,295.25	125,293,281.02

Other notes:

65. Financial expenses

Unit: RMB Yuan

Item	Reporting period	Same period of last year
Interest expenses	38,241,511.58	41,392,430.71
Less: Interest income	5,429,875.87	5,467,128.58
Less: Amount of capitalized interest	4,752,572.72	15,038,563.92
Exchange gains and losses	-14,791,279.30	-3,123,253.13
Other	939,712.26	9,397,636.35

Total	14,207,495.95	27,161,121.43
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Other notes:

The financial expenses had a YOY decrease of 47.69%, mainly was the influence of exchange rate, the exchange rate revenue had a YOY increase in the reporting period

66. Asset impairment loss

Unit: RMB Yuan

Item	Reporting period	Same period of last year
I. Bad debt loss	-806,037.90	-112,223.82
II. Inventory falling price loss	28,969,016.62	16,932,688.71
Total	28,162,978.72	16,820,464.89

Other notes:

Notes: the asset impairment loss increased 71.08%, 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	Reporting period	Same period of last year

Other notes:

68. Investment income

Unit: RMB Yuan

Item	Reporting period	Same period of last year
Investment income received from holding of available-for-sale financial assets	1,667,155.76	1,716,466.00
Total	1,667,155.76	1,716,466.00

Other notes:

69. Non-operating gains

Unit: RMB Yuan

Item	Reporting period	Same period of last year	Recorded in the amount of the non-recurring gains and losses
Total gains from disposal of non-current assets	80,003.58	76,490.60	80,003.28
Including: Gains from disposal	80,003.28	76,490.60	80,003.28

of fixed assets			
Government subsidies	5,585,426.21	4,574,874.07	5,585,426.21
Other	109,154.00	172,542.90	109,154.00
Total	5,774,583.49	4,823,907.57	

Government subsidies recorded into current profits and losses

Unit: RMB Yuan

Item	Distribution entity	Distribution reason	Nature/type	Whether influence the profits or losses of the year or not	Whether Special subsidy or not	Reporting period	Same period of last year	Related to the assets/income
Appropriation for CTC consuming and eliminating project	China National Chemical Corporation	Subsidy	Due to engaged in special industry that the state encouraged and supported, gained subsidy (obtaining in line with the law and the regulations of national policy)	Yes	No	1,000,000.00	1,000,000.00	Related to the assets
Pyridine project subsidies	China National Chemical Corporation	Subsidy	Due to engaged in special industry that the state encouraged and supported, gained subsidy (obtaining in line with the law and the regulations of national	Yes	No	983,333.32	983,333.33	Related to the assets

			policy)					
Received interest subsidy of 2014 for China National Agricultural Means of Production Group Co., Ltd. transfer into Pesticide Federal Enterprise	China National Agricultural Means of Production Group Co., Ltd.	Award	Subsidy gained due to undertaking the state protecting one public utility or social necessary products supply or price controlling	Yes	No	785,100.00	790,800.00	Related to the assets/ income
Special fund for industry clean production	China National Chemical Corporation	Subsidy	Due to engaged in special industry that the state encouraged and supported, gained subsidy (obtaining in line with the law and the regulations of national policy)	Yes	No	777,777.78	712,962.96	Related to the assets
Government Subsidy for Highly toxic pesticide	Hubei Department of Finance	Subsidy	Due to engaged in special industry that the state encouraged and supported, gained subsidy (obtaining in line with the	Yes	No	776,666.67	776,666.67	Related to the assets

			law and the regulations of national policy)					
Special fund for provincial level promoting foreign trade and attracting investment of 2015	FINANCE BUREAU OF WUXI	Award	Subsidy gained due to confirming with local government attracting investment and local supportive policy etc.	Yes	No	540,000.00		Related to the income
Special fund for management of source of pollution	Jingzhou Environmental Protection Agency	Subsidy	Subsidy gained due to confirming with local government attracting investment and local supportive policy etc.	Yes	No	244,444.45	244,444.45	Related to the assets
Special fund appropriation for safety production of 2014 received from Jingzhou city	FINANCE BUREAU OF WUXI	Award	Subsidy from R&D, technical updating and transformation, etc.	Yes	No	200,000.00		Related to the income
Award for foreign trade export in Jingzhou of 2014	Jingzhou Bureau of Commerce	Award	Subsidy gained due to confirming with local government attracting investment and local supportive policy etc.	Yes	No	150,000.00		Related to the income
Special fund	Jingzhou	Subsidy	Subsidy	Yes	No	66,666.66	66,666.66	Related to the

for transferring environmental protection deferred	Environmental Protection Agency		gained due to confirming with local government attracting investment and local supportive policy etc.					assets
Land compensates	Financial Bureau development zone of Jingzhou	Subsidy	Subsidy gained due to confirming with local government attracting investment and local supportive policy etc.	Yes	No	51,437.33		Related to the assets
Award for job placement for the disabled	Disabled Employment Service Center of Jingzhou	Award	Subsidy gained due to confirming with local government attracting investment and local supportive policy etc.	Yes	No	10,000.00		Related to the income
Total	--	--	--	--	--	5,585,426.21	4,574,874.07	--

Other notes:

70. Non-operating expenses

Unit: RMB Yuan

Item	Reporting period	Same period of last year	Recorded in the amount of the non-recurring gains and losses
Loss on disposal of non-current assets	47,981.54	21,677.41	47,981.54
Including: Loss on disposal of fixed assets	47,981.54	21,677.41	47,981.54
Loss on debt reconstruction		6,000.00	

Other	23,755.62	3,048,975.11	23,755.62
Total	71,737.16	3,076,652.52	71,737.16

Other notes:

71. Income tax expense

(1) Lists of income tax expense

Unit: RMB Yuan

Item	Reporting period	Same period of last year
Current income tax expense	44,891,652.42	177,961,320.70
Deferred income tax expense	2,178,119.40	-579,189.64
Total	47,069,771.82	177,382,131.06

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

Unit: RMB Yuan

Item	Reporting period
Total profits	189,025,369.71
Current income tax expense accounted by tax and relevant regulations	47,256,342.43
Influence of non taxable income	-416,788.94
Influence of not deductible costs, expenses and losses	2,009,232.06
Influence of the subsidiary making up losses of previous years	-1,779,013.73
Income tax expense	47,069,771.82

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	Reporting period	Same period of last year
Interest income	5,429,875.87	5,467,128.58
Collect A/B shares withholding individual	4,487,602.32	1,895,263.56

income tax		
Allowance for payment and others	4,899,736.98	8,212,535.00
Government subsidies	8,710,700.00	7,790,800.00
Total	23,527,915.17	23,365,727.14

Notes:

(2) Other cash paid relevant to operating activities

Unit: RMB Yuan

Item	Reporting period	Same period of last year
Transport fees	40,074,543.68	42,659,379.71
Export fees	12,656,586.55	40,135,942.33
Office expenses	3,863,617.75	2,386,321.07
Handling charges	3,644,177.58	2,342,434.89
Business entertainment fees	2,974,483.77	3,021,672.79
Asset insurance fees	2,935,991.19	1,310,300.21
Business travel charges	2,507,022.95	3,129,321.43
Water & electricity fees	1,871,825.30	2,958,732.21
Advertising and general publicity expense	750,995.25	899,492.53
Other	7,013,586.59	36,497,010.89
Total	78,292,830.61	135,340,608.06

Notes:

(3) Other cash received relevant to investment activity

Unit: RMB Yuan

Item	Reporting period	Same period of last year
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Notes:

(4) Other cash paid relevant to investment activity

Unit: RMB Yuan

Item	Reporting period	Same period of last year
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Notes:

(5) Other cash received relevant to financing activities

Unit: RMB Yuan

Item	Reporting period	Same period of last year
Unfreeze reversal of margin notes	4,500,000.00	
Total	4,500,000.00	

Notes:

(6) Other cash paid relevant to financing activities

Unit: RMB Yuan

Item	Reporting period	Same period of last year
Loan guarantee fees paying for China National Agrochemical Corporation		1,150,000.00
Freeze of margin notes		500,000.00
Loan guarantee fees paying for Sanonda Co., Ltd.		420,000.00
Total		2,070,000.00

Notes:

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

Unit: RMB Yuan

Supplementary materials	Reporting period	Last period
1. Reconciliation of net profit to net cash flows generated from operating activities	--	--
Net profit	141,955,597.89	491,283,853.23
Add: Provision for impairment of assets	28,162,978.72	16,820,464.89
Depreciation of fixed assets, of oil-gas assets, of productive biological assets	210,188,677.97	174,510,815.75
Amortization of intangible assets	4,729,047.68	4,504,683.98
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains: negative)	-32,021.74	-54,813.19
Financial cost (gains: negative)	33,488,938.86	26,353,866.79
Investment loss (gains: negative)	-1,667,155.76	-1,716,466.00
Decrease in deferred income tax assets (gains: negative)	2,178,119.40	-579,189.64
Decrease in inventory (gains: negative)	52,297,638.33	-89,199,836.88

Decrease in accounts receivable from operating activities (gains: negative)	57,871,551.24	56,075,260.90
Increase in payables from operating activities (decrease: negative)	-253,083,319.79	21,175,216.09
Net cash flows generated from operating activities	276,090,052.80	699,173,855.92
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	406,098,208.72	418,847,736.46
Less: Opening balance of cash	418,847,736.46	410,065,921.21
Net increase in cash and cash equivalents	-12,749,527.74	8,781,815.25

(2) Net Cash paid of obtaining the subsidiary

Unit: RMB Yuan

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

Other notes:

(3) Net Cash receive of disposal of the subsidiary

Unit: RMB Yuan

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

Other notes:

(4) Cash and cash equivalents

Unit: RMB Yuan

Item	Closing balance	Opening balance
I. Cash	406,098,208.72	418,847,736.46
Bank deposit on demand	406,098,208.72	418,847,736.46
III. Closing balance of cash and cash	406,098,208.72	418,847,736.46

equivalents		
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Other 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
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Other 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	--	--	11,972,040.82
Including: USD	1,844,690.42	6.49	11,972,040.82
Account receivable	--	--	139,743,247.99
Including: USD	21,520,150.30	6.49	139,743,247.99
Advance from customers	220,120.00	6.49	1,429,371.23
Including: USD	220,120.00	6.49	1,429,371.23

Other 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 been 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

Other notes:

(2) Combined cost and goodwill

Unit: RMB Yuan

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

Note 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

Other notes:

(2) Combination cost

Unit: RMB Yuan

Combination cost	

Note 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	Period-end of last 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

Note 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	Holding percentage (%)		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 Hongxiang Chemicals Co., Ltd.	Jingzhou	Jingzhou	Manufacturing industry	100.00%		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 of the subsidiary	Shareholding proportion	The profits and losses	Declaring dividends	Balance of minority
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	of minority shareholder	arbitrate to the minority shareholders	distribute to minority shareholder	shareholder at closing period
--	-------------------------	--	------------------------------------	-------------------------------

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 of the subsidiary	Closing balance						Opening balance					
	current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liabilities	current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liabilities

Unit: RMB Yuan

Name of the subsidiary	Reporting period				Same period of last year			
	Operation revenue	Net profit	Total comprehensive income	Operating cash flow	Operation revenue	Net profit	Total comprehensive income	Operating cash flow

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

26 Oct. 2015, Hubei Sanonda Co., Ltd. signed equity transfer agreement with minority shareholder Zhang Hong, who voluntarily transferred his holding's of 1.5% equity of Jingzhou Hongxiang Chemical Co., Ltd. to Hubei Sanonda Co., Ltd. for free. On 4 Nov. 2015, Jingzhou Hongxiang Chemical Co., Ltd. had changed its (Jing Commercial) industrial and commercial registration [2015] No. 2433.

(2) The transaction's influence to equity of minority shareholders and attributable to the owner's equity of the parent company

Unit: RMB Yuan

Less: subsidiary net assets proportion calculated by share	-120,581.69

proportion obtained/disposal	
Difference	120,581.69
Of which: Adjustment of capital reserves	-120,581.69

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	Nature of business	Holding percentage (%)		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/ reporting period	Opening balance /last period

Other notes:

(3) Main financial information of significant associated enterprise

Unit: RMB Yuan

	Closing balance/ reporting period	Opening balance /last period

Other notes:

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

Unit: RMB Yuan

	Closing balance/ reporting period	Opening balance /last period
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
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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	Nature of business	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
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	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	Registration place	Nature of business	Registered capital	Proportion of share held by parent company against the Company (%)	Proportion of voting rights owned by parent company against the Company (%)
Jingzhou 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:

Note: The final control of the Company was China National Chemical Corporation 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
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Other notes:

4. Information on other related parties of the Company

Name	Relationship
China National Chemical Corporation	The final control party
Jiamusi Heilong Agrochemicals Co., Ltd.	Under the same control of China National Chemical Corporation
Beijing Grand AgroChem.,Ltd.	Under the same control of China National Chemical Corporation
Bluestar (Beijing) Chemical Machinery Co., Ltd.	Under the same control of China National Chemical Corporation
China National Agrochemical Corporation	Under the same control of China National Chemical Corporation
Jiangsu Anpon Electrochemical Co., Ltd.	Under the same control of China National Chemical Corporation
Shangdong Dacheng Agrochemical Co., Ltd.	Under the same control of China National Chemical Corporation
China National Chemical Financial Corporation	Under the same control of China National Chemical Corporation
Bluestar Environmental Engineering Co., Ltd.	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
FarmozPtyLtd.	Under the same control of China National Chemical Corporation

Other notes:

5. List of related-party transactions

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

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

Unit: RMB Yuan

Related-party	Content	Reporting period	The approval trade credit	Whether exceed trade credit or not	Same period of last year
Haohua Engineering Co., Ltd.	Equipment and services	7,874,023.88		No	41,753,812.56
Beijing Grand AgroChem.,Ltd.	Purchase of raw material	7,350,427.35			
Bluestar (Beijing) Chemical Machinery Co., Ltd.	Purchase of raw material	486,623.93		No	52,640,427.35
Bluestar Environmental Engineering Co., Ltd.	Purchase of raw material	155,982.90			
Jingzhou Sanonda Co., Ltd.	Raw materials& package				1,131,882.05

Information of sales of goods and provision of labor service

Unit: RMB Yuan

Related-party	Content	Reporting period	Same period of last year
ADAMA Agricultural Solutions Ltd.	Sales of pesticides	98,187,315.54	43,770,184.02
Shangdong Dacheng Agrochemical Co., Ltd.	Sales of pesticides		14,758,849.56
Sale of pesticide	Sales of pesticides		7,334,103.40
Jiangsu Anpon Electrochemical Co., Ltd.	Sales of pesticides		3,119,469.03
Jiamusi Heilong Agrochemicals Co., Ltd.	Sales of pesticides		1,817,699.12

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
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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
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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
Jingzhou Sanonda Co., Ltd.	7/F of the office	120,000.00	120,000.00

The Company was lessee:

Unit: RMB Yuan

lessor	Category of leased assets	The lease income confirmed in this year	Category of leased assets
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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.	65,000,000.00	26 Jan. 2014	26 Jan. 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.	60,000,000.00	29 Apr. 2014	28 Apr. 2017	Yes
Hubei Sanonda Foreign	60,000,000.00	29 Apr. 2015	28 Apr. 2018	No

Trading Co., Ltd.				
Hubei Sanonda Foreign Trading Co., Ltd.	50,000,000.00	22 Jan. 2013	21 Jan. 2017	Yes

The Company was Secured party

Unit: RMB Yuan

Guarantor:	Guarantee amount	Start date	End date	Execution accomplished or not
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
Jingzhou Sanonda Co., Ltd.	98,000,000.00	25 Dec. 2012	24 Dec. 2017	Yes
Jingzhou Sanonda Co., Ltd.	50,000,000.00	13 Mar. 2015	13 Mar. 2018	Yes
China National Agrochemical Corporation	300,000,000.00	19 Nov. 2014	17 Nov. 2019	No
China National Agrochemical Corporation	150,000,000.00	10 Sept. 2013	10 Sept. 2018	No
China National Agrochemical Corporation	50,000,000.00	19 Mar. 2015	19 Mar. 2019	No
China National Agrochemical Corporation	30,000,000.00	2 Jun. 2015	29 Nov. 2017	Yes
China National Chemical Corporation	200,000,000.00	25 Sept. 2013	25 Sept. 2020	No
China National Chemical Corporation	160,000,000.00	10 Jun. 2014	9 Jun. 2021	No
China National Chemical Corporation	150,000,000.00	14 Oct. 2013	13 Oct. 2020	No

Notes:

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

Unit: RMB Yuan

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

(6) Related party asset transfer and debt restructuring

Unit: RMB Yuan

Related-party	Content	Reporting period	Same period of last year
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(7) Rewards for the key management personnel

Unit: RMB Yuan

Item	Reporting period	Same period of last year
Rewards for the key management personnel	2,450,000.00	3,190,000.00

(8) Other related-party transactions

1. The parent company of the Group—Sanonda Group Corporation paid & gained wages and social security through the Group with a total of RMB664, 131.60
2. Balance of bank deposit of Chemchina Finance Co., Ltd. of the Group at the period- begin was of RMB82,266,671.62, period-end was of RMB140,000,000.00. Interest of bank deposit of this year was of RMB1, 978,679.94, and interest of the paid of short-term loan of this year was of RMB1, 404,208.34.

6. Receivables and payables of related parties**(1) Receivables**

Unit: RMB Yuan

Name of item	Related-party	Closing balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Account receivable	ADAMA Agricultural Solutions Ltd	19,683,913.31	984,195.67	20,109,257.16	1,005,462.86

(2) Payables

Unit: RMB Yuan

Name of item	Related-party	Closing book balance	Opening book balance
Accounts payable	Bluestar (Beijing) Chemical	6,094,350.00	9,225,000.00

	Machinery Co., Ltd.		
Accounts payable	Haohua Engineering Co., Ltd.	171,940.88	961,417.30
Accounts payable	Beijing Grand AgroChem.,Ltd.	79,260.00	
Accounts received in advance	Jiamusi Heilong Agrochemicals Co., Ltd.	10,020.00	10,000.00
Accounts received in advance	Shangdong Dacheng Agrochemical Co., Ltd.	1,500.00	1,500.00

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 31 Dec. 2015, there were no significant commitments to be disclosed.

2. Contingency

(1) Significant contingency at balance sheet date

As of 31 Dec. 2015, there was no significant contingency to be disclosed.

(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 31 Dec. 2015, there were no other significant events to be disclosed.

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	Revenue	Expense	Total profits	Income tax expense	Net profit	Termination of 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 in segment	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**

Due to planning significant assets reorganization, the Company applied to SZSE that the Company suspended since the start trading date, 5 Aug. 2015. On 19 Jan. 2016, the 6th Meeting of 8th Board of Directors reviewed and approved the Proposal on extension Resumption of Significant Assets Reorganization, the Company stock continuous to suspended after the original suspension period expired, and committed that at least before May 2016, disclosed significant assets reorganization information in term of Publicly Issuing Securities Companies'

Information Disclosure Content and Format Guidelines-No.26-Significant Assets Reorganization of Listed Companies.

The involving target assets of significant reorganization was the actual controller 's subordinate company, DAMA Agricultural Solutions Ltd. which engaged in crop protection business, and had strong complementary with the business of the Company.

So far, the Company actively organizing independent financial adviser, legal counsel, audit institution, appraisal agency and other related intermediary organ conducting due diligence, audit, appraisal. Each work was tensely and orderly processing.

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		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Accounts receivable withdrawal of bad debt provision of by credit risks characteristics:	361,912,727.20	99.84%	9,638,653.80	2.66%	352,274,073.40	368,860,445.78	99.84%	8,287,410.79	2.25%	360,573,034.99
Accounts receivable with insignificant single amount for which bad debt provision separately accrued	584,457.52	0.16%	584,457.52	100.00%		584,457.52	0.16%	584,457.52	100.00%	
Total	362,497,184.72	100.00%	10,223,111.32	2.82%	352,274,073.40	369,444,903.30	100.00%	8,871,868.31	2.40%	360,573,034.99

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 withdraw bad debt provision:

Applicable Inapplicable

Unit: RMB Yuan

Aging	Closing balance		
	Account receivable	Bad debt provision	Withdrawal proportion
Subentry within 1 year			
Within 1 year	45,003,813.02	2,250,190.65	5.00%
Subtotal of within 1 year	45,003,813.02	2,250,190.65	5.00%
1 to 2 years	539,514.86	53,951.49	10.00%
Over 3 years	7,440,959.29	7,334,511.66	98.57%
3 to 4 years	110,148.25	55,074.12	50.00%
4 to 5 years	102,747.00	51,373.50	50.00%
Over 5 years	7,228,064.04	7,228,064.04	100.00%
Total	52,984,287.17	9,638,653.80	

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		
	Account receivable	Bad debt provision	Withdrawal reason
Risk-free groups	308,928,440.03		Internal funds of the group
Total	308,928,440.03		

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

Account receivable	Balance at year- end			
	Account receivable	Bad debt provision	Withdrawal proportion	Withdrawal reason
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 RMB1, 351,243.01; 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

Name of the entity	Amount	Method
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(3) Particulars of the actual verification of accounts receivable during the reporting period

Unit: RMB Yuan

Item	Amount
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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
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Notes:

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

The total amount of top five of account receivable of closing balance collected by arrears party was RMB333,431,752.53, 91.98% of total balance of account receivable at year-end, the relevant total bad debt provision was RMB1,225,165.63 at year-end.

(5) Derecogniton 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 accounts receivable

(1) Other account receivable classified 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	
Other accounts receivable withdrawn bad debt provision according to credit risks characteristics	6,784,721.32	100.00%	5,248,915.77	77.36%	1,535,805.55	81,481,416.37	100.00%	5,229,030.47	6.42%	76,252,385.90
Total	6,784,721.32	100.00%	5,248,915.77	77.36%	1,535,805.55	81,481,416.37	100.00%	5,229,030.47	6.42%	76,252,385.90

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 withdraw bad debt provision:

Applicable Inapplicable

Unit: RMB Yuan

Aging	Closing balance		
	Other accounts receivable	Bad debt provision	Withdrawal proportion
Subentry within 1 year			
Within 1 year	275,017.80	13,750.89	5.00%
Subtotal of within 1 year	275,017.80	13,750.89	5.00%
2 to 3 years	20,000.00	6,000.00	30.00%
Over 3 years	5,369,557.16	5,229,164.88	97.39%
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	5,088,772.59	5,088,772.59	100.00%
Total	5,664,574.96	5,248,915.77	

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		
	Other accounts receivable	Bad debt provision	Withdrawal reason
Sanonda Jingzhou Agrochemicals Co., Ltd	1,120,146.36		Internal funds of the group
Total	1,120,146.36		

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

The withdrawal amount of the bad debt provision during the reporting period was of RMB 19,885.30; the amount of the reversed or collected part during the reporting period was of RMB 000.

Significant amount of reversed or recovered bad debt provision

Unit: RMB Yuan

Name of the entity	Reversed or collected 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
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Notes of write-off other accounts receivable:

(4) Other account receivable classified by account nature

Unit: RMB Yuan

Nature	Closing book balance	Opening book balance
Liquidation amount of investment fund	3,398,275.80	3,398,275.80
Turnover accounts with the subsidiary	1,120,146.36	70,660,146.36
Pretty cash	714,944.37	690,874.23
Cash pledge	500,000.00	1,029,784.57
Liquidation amount of goods payment	548,500.00	548,500.00
Export tax refunds		4,578,166.34
Other	502,854.79	575,669.07
Total	6,784,721.32	81,481,416.37

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

Unit: RMB Yuan

Name of the entity	Nature	Closing balance	Aging	Proportion%	Closing balance of bad debt provision
Shantou Biyue Plastic Co., Ltd.	Liquidation amount of investment fund	3,125,000.00	Over 5 years	46.06%	3,125,000.00
Sanonda Jingzhou Agrochemicals Co., Ltd	Turnover accounts with the subsidiary	1,120,146.36	1-3years	16.51%	
Hubei Jingzhou Shashi Agricultural Production Materials Co., Ltd.	Liquidation amount of goods payment	548,500.00	Over 5 years	8.08%	548,500.00
Jingzhou Production Safety Supervision Bureau	Cash pledge	300,000.00	Over 5 years	4.42%	300,000.00
Jingzhou Real Estate Administration	House renewal fund	237,784.57	3-4 years	3.50%	118,892.29
Total	--	5,331,430.93	--	78.57%	4,092,392.29

(6) Account receivable involving government subsidies

Unit: RMB Yuan

Name of the entity	Project of government subsidies	Closing balance	Closing aging	Estimated recovering time, amount and basis

(7) Other account receivable derecognized due to the transfer of financial assets**(8) Amount of transfer other account receivable and assets and liabilities formed by its continuous involvement**

Other notes:

3. Long-term equity investment

Unit: RMB Yuan

Item	Closing balance			Opening balance		
	Book balance	Depreciation reserves	Book value	Book balance	Depreciation reserves	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

Investee	Opening balance	Increase	Decrease	Closing balance	Withdrawn impairment provision in the reporting period	Closing balance of impairment provision
Jingzhou Hongxiang Chemicals Co., Ltd.	37,619,905.41			37,619,905.41		
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		

Total	80,026,635.41			80,026,635.41		24,500,000.00
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(2) Investment to joint ventures and associated enterprises

Unit: RMB Yuan

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	
	Revenue	Operating costs	Revenue	Operating costs
Main operations	2,053,580,429.52	1,641,240,252.20	3,044,864,870.25	2,122,938,073.28
Other operations	156,516,158.84	152,685,793.58	93,298,834.95	84,250,795.36
Total	2,210,096,588.36	1,793,926,045.78	3,138,163,705.20	2,207,188,868.64

Other notes:

5. Investment income

Unit: RMB Yuan

Item	Reporting period	Same period of last year
Investment income received from holding of available-for-sale financial assets	1,667,155.76	1,716,466.00
Total	1,667,155.76	1,716,466.00

6. Other**XVIII. Supplementary materials****1. 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	32,021.74	
Tax rebates, reductions or exemptions due to approval beyond authority or the lack of official approval documents	5,585,426.21	
Other non-operating income and expenses other than the above	85,398.38	
Less: Income tax effects	1,179,878.25	
Minority interests effects	11,062.50	
Total	4,511,905.58	--

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	6.90%	0.2388	0.2388
Net profit attributable to common shareholders of the Company after deduction of non-recurring profit and loss	6.68%	0.2388	0.2388

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 XI. 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) Original of the Auditor's Report with the seals of accounting firm and the signatures and seals of certified public accountants;
- (III) 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: Mr. An Liru

18 Mar. 2016