



HUBEI SANONDA CO., LTD.

REPORT FOR THE FIRST QUARTER OF 2014

April 2014

Section I. Important Reminders

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

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

Li Zuorong, company principal, He Xuesong, chief of the accounting work and concurrently chief of the accounting organ (chief of accounting), hereby confirm that the financial statements enclosed in this report are factual, accurate and complete.

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

Section II. Financial Highlights & Change of Shareholders

I. Financial highlights

Does the Company adjust retrospectively or restate any accounting data of previous years?

Yes No

	Jan.-Mar. 2014	Jan.-Mar. 2013	+/- (%)
Operating revenues (RMB Yuan)	801,641,627.55	628,575,842.14	27.53%
Net profit attributable to shareholders of the Company (RMB Yuan)	131,969,307.74	37,506,826.11	251.85%
Net profit attributable to shareholders of the Company after extraordinary gains and losses (RMB Yuan)	132,040,344.74	37,605,306.67	251.12%
Net cash flows from operating activities (RMB Yuan)	146,981,733.82	65,245,967.68	125.27%
Basic EPS (RMB Yuan/share)	0.2222	0.0632	251.58%
Diluted EPS (RMB Yuan/share)	0.2222	0.0632	251.58%
Weighted average ROE (%)	8.18%	2.94%	5.24%
	31 Mar. 2014	31 Dec. 2013	+/- (%)
Total assets (RMB Yuan)	3,012,803,050.57	2,708,271,174.34	11.24%
Net assets attributable to shareholders of the Company (RMB Yuan)	1,679,954,489.67	1,546,189,571.66	8.65%

Items and amounts of extraordinary gains and losses

Applicable Inapplicable

Unit: RMB Yuan

Item	1 Jan. 2014-31 Mar. 2014	Explanation
Gain/loss on the disposal of non-current assets (including the offset part of the asset impairment provisions)	1,350.00	
Non-operating income and expense other than the above	-96,516.00	
Less: Income tax effects	-23,791.50	
Minority interests effects (after tax)	-337.50	
Total	-71,037.00	--

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

II. Total number of shareholders at the period-end and shareholdings of top 10 shareholders

Unit: share

Total number of shareholders during the reporting period		62,459 (including 46,167 A-share holders)				
Shareholdings of top 10 shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Total shares held at the period-end	Number of restricted shares held	Pledged or frozen shares	
					Status of shares	Number of shares
SANONDA GROUP CORPORATION	State-owned legal person	20.15%	119,687,202			
Celsius Property B.V.	Foreign legal person	10.6%	62,950,659			
Bank of China--Harvest Theme Selected Mixed Securities Investment Fund	Other	2.29%	13,622,041			
Song Na	Domestic natural person	1.4%	8,313,728			
STATE-OWNED ASSETS ADMINISTRATIVE BUREAU OF QICHUN COUNTY	Nation	0.7%	4,169,266			
CMBC-Chang Xin Income-increasing Dynamic Strategic Fund	Other	0.55%	3,249,682			
ICBC- Harvest Theme New Power Stock Fund	Other	0.45%	2,699,795			
Rural Credit Cooperative Association of Shashi District, Jingzhou City	Other	0.42%	2,500,000			
ICBC- Bosera Value Selection Stock Fund	Other	0.42%	2,499,854			

Industrial and Commercial Bank of China—Soochow Securities Selected Mixed Harvest Advance of Open Securities Investment Funds	Other	0.35%	2,069,760		
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			
		Type of share	Number		
SANONDA GROUP CORPORATION	119,687,202	RMB ordinary share	119,687,202		
Celsius Property B.V.	62,950,659	Domestically listed foreign share	62,950,659		
Bank of China-- Harvest Theme Selected Mixed Securities Investment Fund	13,622,041	RMB ordinary share	13,622,041		
Song Na	8,313,728	RMB ordinary share	8,313,728		
STATE-OWNED ASSETS ADMINISTRATION BUREAU OF QICHUN COUNTY	4,169,266	RMB ordinary share	4,169,266		
CMBC-Chang Xin Income-increasing Dynamic Strategic Fund	3,249,682	RMB ordinary share	3,249,682		
ICBC- Harvest Theme New Power Stock Fund	2,699,795	RMB ordinary share	2,699,795		
Rural Credit Cooperative Association of Shashi District, Jingzhou City	2,500,000	RMB ordinary share	2,500,000		
ICBC- Bosera Value Selection Stock Fund	2,499,854	RMB ordinary share	2,499,854		
Industrial and Commercial Bank of China—Soochow Securities Selected Mixed Harvest Advance of Open Securities Investment Funds	2,069,760	RMB ordinary share	2,069,760		
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.
Particular about shareholder participate in the securities lending and borrowing business (if any)(note 4)	Inapplicable

Did any shareholder of the Company carry out an agreed buy-back in the reporting period?

Yes No

Section III. Significant Events

I. Significant changes of the major accounting statement items and financial indicators for the reporting period, as well as the reasons for these changes

Financial statement items	31 Mar. 2014 (RMB Ten thousand)	31 Dec. 2013 (RMB Ten thousand)	+/-%	Main reasons for the change
	(Jan.-Mar. 2014)	(Jan.-Mar. 2013)		
Notes receivable	1,669	4,110	-59.39%	Settlements in note with customers increased.
Accounts receivable	28,916	20,917	38.25%	Sales increased.
Prepayments	7,898	4,304	83.50%	Prepayments for materials increased.
Other receivables	1,339	722	85.35%	Export tax rebates receivable increased.
Construction in progress	31,722	23,449	35.28%	Spending on construction projects increased.
Notes payable	7,000	4,000	75.00%	New notes payable
Accounts payable	22,721	15,604	45.61%	The accounts to be paid for raw materials increased.
Accounts received in advance	4,544	7,944	-42.79%	Advances from customers decreased.
Payroll payable	1,744	2,533	-31.16%	Remuneration was paid.
Other payables	5,699	3,454	64.96%	The export expenses to be paid increased.
Other non-current liabilities	2,654	1,954	35.83%	The specific-item funds were received.
Administrative expenses	3,022	2,272	33.01%	The sales income increased and the operating costs increased accordingly.
Financial expenses	761	2,184	-65.16%	The interest expenses decreased.
Income tax expenses	4,627	1,375	236.56%	Total profit increased.
Net profit attributable to owners of the Company	13,197	3,751	251.85%	The sales income and the gross profit both increased.

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

1. On Mar. 12 2014 and Apr. 15 2014, the Company disclosed Indicative Announcement on Planning Restructure of the Controlling Shareholders and Announcement on the Shareholders Completing the Restructure and Renaming.
2. On Mar. 27 2014, the Company disclosed Voluntary Information Disclosure Announcement on Intermediary Institution's Responsible Investigation to the Company, as of the announcement date, Intermediary institution employed by China National Agrochemical Corporation and ADAMA Agricultural Solutions LTD. was conducting the Responsible Investigation to the Company.

Overview of the significant event	Date of disclosure	Website index to the disclosed relevant interim report
Indicative Announcement on Planning Restructure of the Controlling Shareholders	Mar. 12 2014	http://www.cninfo.com.cn
Voluntary Information Disclosure Announcement on Intermediary Institution's Responsible Investigation to the Company	Mar. 27 2014	http://www.cninfo.com.cn
Announcement on the Shareholders Completing the Restructure and Renaming.	Apr. 15 2014	http://www.cninfo.com.cn

III. Commitments made by the Company or any shareholder with a shareholding over 5% in the reporting period or such commitments made in previous period and carried down into the reporting period

Commitment	Commitment maker	Contents of commitment	Date of commitment	Period of commitment	Execution
Commitments of share reform	-	-	-	-	-
Commitments made in acquisition report or in report on changes of equity	Celsius Property B.V. and MAI	I. Commitments on avoiding horizontal competition: 1. excepting 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	7 Sep. 2013	Within 7 years	Up to the date of declaration of the report, the commitments were being carried out and the committers abided by the

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

	B.V. and MAI	<p>Company's operation independence and specify the related transaction:</p> <p>1. After the complement of the tender offer, Sanonda will continues to maintain complete purchase, production and sales system, and to gain the independent intellectual property. The Company and its direct or indirect controlling shareholders and Sanonda of which the personnel, assets, finance, business and institutions will be completely separated, and at the same time maintain the operation ability of Sanonda that independently face to the China agrochemical industry market. 2. The Company will avoid and reduce the related transactions with Sanonda according to the requirements stipulated by the laws, regulations and other normative documents; but for those related transactions that are inevitable or occur with reasonable cause, will have to obey the just, fair and open market principles. And to sign the agreement according to the law and to carry out legal program, and to make sure not to harm the legal interest of Sanonda and other shareholders by related transaction according to the Articles of Association of Sanonda, the relevant system about related transaction and to conduct the duty of information disclosure as well as the approval process which stipulated by the relevant regulations."</p>			<p>declaration of the report, the commitments were being carried out and the committers abided by the above commitments.</p>
	China National Chemical Corporation	<p>I. Commitments on avoiding horizontal competition: 1. The business of the Company's subsidiaries-- Jiangsu Anpon</p>	7 Sep. 2013	Within 7 years	<p>Up to the date of declaration of the report, the commitments</p>

		<p>Electrochemical Co., Ltd., Anhui Petroleum Chemical Group Co., Ltd., Shangdong Dacheng Agrochemical Co., Ltd. and Jiamusi Heilong Agrochemicals Co., Ltd., and Hunan Haohua Chemical Co., Ltd. and its subsidiary had the same or similar situations with the main business of Sanonda, and aimed at the domestic horizontal competition, the Company committed to gradually eliminate such kind of horizontal competition in the future and to fight for the internal assets reconstruction, to adjust the industrial plan and business structure, to transform technology and to upgrade products, to divide the market so as to make each corporation differ in the products and its ultimate users according to the securities laws and regulations and industry policy within 7 years, thus to eliminate the current domestic horizontal competition between the Company's controlling subsidiaries and Sanonda. 2. Excepting the competition situation disclosed in the offer acquisition report, the Company take effective measures to avoid the Company and its controlling subsidiaries (excepting Commitments respectively made in acquisition report 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</p>			<p>were being carried out and the committers abided by the above commitments.</p>
--	--	---	--	--	---

		<p>Property B.V. and MAI) domestically conduct related business which form horizontal competition with Hubei Sanonda CO., Ltd. in future, the Company will actively take steps, gradually eliminate the competition, the concrete measures including but not limited to fight for internal assets reconstruction, (including putting the business into Hubei Sanonda CO., Ltd. or operated through Hubei Sanonda CO., Ltd.) to adjust the industrial plan and business structure, to transform technology and to upgrade products, to divide the market so as to make each corporation differ in the products and its ultimate users, thus to avoid and eliminate the current domestic horizontal competition between the Company's controlling subsidiaries and Sanonda.</p>			
	China National Chemical Corporation	<p>II. Commitments on maintaining the Company's operation independence and specify the related transaction: 1. After the complement of the tender offer, Sanonda will continues 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</p>	7 Sep. 2013	Long term	Up to the date of declaration of the report, the commitments were being carried out and the committers abided by the above commitments.

		requirements stipulated by the laws, regulations and other normative documents; but for those related transactions that are inevitable or occur with reasonable cause, will have to obey the just, fair and open market principles. And to sign the agreement according to the law and to carry out legal program, and to make sure not to harm the legal interest of Sanonda and other shareholders by related transaction according to the Articles of Association of Sanonda, the relevant system about related transaction and to conduct the duty of information disclosure as well as the approval process which stipulated by the relevant regulations.			
Commitments made at the time of assets reorganization	-				
Commitments made in the initial public offering or refinancing	-				
Commitments made by the company to other medium and small shareholders	-				
Executed timely or not?	Yes				
Detailed reason for failing to execute and the next plan (if any)	Inapplicable				

IV. Predict the operating results of Jan.-Jun. 2014

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

Applicable Inapplicable

V. Securities investments

Naught

Shareholdings in other listed companies

 Applicable Inapplicable**VI. Investments in derivatives**

Naught

VII. Researches, visits and interviews received in the reporting period

Time of reception	Place of reception	Way of reception	Visitor type	Visitor	Main discussion and materials provided by the Company
Jan.-Mar. 2014	The Company	individual	Individual	Individual investor	The production and operation situation of the Company in the first quarter
Mar. 28 2014	The Company	Other	Individual	Individual investor	Proposal reviewed and approved by the General Meeting of Shareholder of 2013. Information provided: the Company's public disclosure periodic reports etc.

Section IV. Financial Statements

I. Financial statements

1. Consolidated balance sheet

Prepared by Hubei Sanonda Co., Ltd.

Unit: RMB Yuan

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	532,483,666.13	414,065,921.21
Settlement reserves		
Intra-group lendings		
Transactional financial assets		
Notes receivable	16,690,727.06	41,103,985.15
Accounts receivable	289,163,084.27	209,166,447.16
Accounts paid in advance	78,983,520.88	43,042,028.26
Premiums receivable		
Reinsurance premiums receivable		
Receivable reinsurance contract reserves		
Interest receivable		
Dividend receivable		
Other accounts receivable	13,390,548.20	7,224,391.05
Financial assets purchased under agreements to resell		
Inventories	294,131,578.91	258,274,457.88
Non-current assets due within 1 year		
Other current assets		
Total current assets	1,224,843,125.45	972,877,230.71
Non-current assets:		
Loans by mandate and advances granted		
Available-for-sale financial assets		
Held-to-maturity investments		

Long-term accounts receivable		
Long-term equity investment	9,153,782.63	9,153,782.63
Investing property	4,154,412.50	4,154,412.50
Fixed assets	1,286,985,782.25	1,324,222,385.03
Construction in progress	317,223,700.76	234,487,866.23
Engineering materials	4,225,311.96	
Disposal of fixed assets		
Production biological assets		
Oil-gas assets		
Intangible assets	139,457,144.87	137,371,149.10
R&D expense		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	13,375,390.15	12,619,948.14
Other non-current assets	13,384,400.00	13,384,400.00
Total of non-current assets	1,787,959,925.12	1,735,393,943.63
Total assets	3,012,803,050.57	2,708,271,174.34
Current liabilities:		
Short-term borrowings	429,625,430.16	359,220,205.55
Borrowings from Central Bank		
Customer bank deposits and due to banks and other financial institutions		
Intra-group borrowings		
Transactional financial liabilities		
Notes payable	70,000,000.00	40,000,000.00
Accounts payable	227,213,985.00	156,037,973.10
Accounts received in advance	45,443,222.24	79,437,442.04
Financial assets sold for repurchase		
Handling charges and commissions payable		
Employee's compensation payable	17,439,235.89	25,332,986.86
Tax payable	55,068,863.82	73,337,138.50
Interest payable		
Dividend payable	250,000.00	250,000.00
Other accounts payable	56,985,692.75	34,544,608.36

Reinsurance premiums payable		
Insurance contract reserves		
Payables for acting trading of securities		
Payables for acting underwriting of securities		
Non-current liabilities due within 1 year	57,390,000.00	77,390,000.00
Other current liabilities		
Total current liabilities	959,416,429.86	845,550,354.41
Non-current liabilities:		
Long-term borrowings	346,090,000.00	296,090,000.00
Bonds payable		
Long-term payables	650,000.00	650,000.00
Specific payables		
Estimated liabilities		
Deferred income tax liabilities		
Other non-current liabilities	26,538,888.89	19,538,888.89
Total non-current liabilities	373,278,888.89	316,278,888.89
Total liabilities	1,332,695,318.75	1,161,829,243.30
Owners' equity (or shareholders' equity)		
Paid-up capital (or share capital)	593,923,220.00	593,923,220.00
Capital reserves	263,184,043.66	263,184,043.66
Less: Treasury stock		
Specific reserves	17,854,898.98	16,059,288.71
Surplus reserves	126,334,248.31	126,334,248.31
Provisions for general risks		
Retained profits	678,658,078.72	546,688,770.98
Foreign exchange difference		
Total equity attributable to owners of the Company	1,679,954,489.67	1,546,189,571.66
Minority interests	153,242.15	252,359.38
Total owners' (or shareholders') equity	1,680,107,731.82	1,546,441,931.04
Total liabilities and owners' (or shareholders') equity	3,012,803,050.57	2,708,271,174.34

Legal representative: Li Zuorong Chief of the accounting work: He Xuesong Chief of the accounting organ: He Xuesong

2. Balance sheet of the Company

Prepared by Hubei Sanonda Co., Ltd.

Unit: RMB Yuan

Item	Closing balance	Opening balance
Current Assets:		
Monetary funds	433,835,234.70	329,849,120.35
Transactional financial assets		
Notes receivable	16,690,727.06	41,103,985.15
Accounts receivable	396,244,917.27	193,013,915.85
Accounts paid in advance	76,418,789.62	42,670,595.78
Interest receivable		
Dividend receivable		
Other accounts receivable	76,235,276.18	144,872,701.27
Inventories	290,006,965.83	254,766,534.37
Non-current assets due within 1 year		
Other current assets		
Total current assets	1,289,431,910.66	1,006,276,852.77
Non-current assets:		
Available-for-sale financial assets		
Held-to-maturity investments		
Long-term accounts receivable		
Long-term equity investment	64,680,418.04	64,680,418.04
Investing property	4,154,412.50	4,154,412.50
Fixed assets	1,120,430,985.60	1,153,224,118.73
Construction in progress	316,499,151.43	234,487,866.23
Engineering materials	4,225,311.96	
Disposal of fixed assets		
Production biological assets		
Oil-gas assets		
Intangible assets	126,524,078.80	125,275,394.07
R&D expense		
Goodwill		

Long-term deferred expenses		
Deferred income tax assets	7,766,344.50	7,587,719.43
Other non-current assets	13,384,400.00	13,384,400.00
Total of non-current assets	1,657,665,102.83	1,602,794,329.00
Total assets	2,947,097,013.49	2,609,071,181.77
Current liabilities:		
Short-term borrowings	355,000,000.00	283,000,000.00
Transactional financial liabilities		
Notes payable	70,000,000.00	40,000,000.00
Accounts payable	223,966,751.11	151,132,431.37
Accounts received in advance	40,212,397.66	49,176,997.90
Employee's compensation payable	17,419,833.27	22,813,584.24
Tax payable	68,343,008.16	87,016,104.58
Interest payable		
Dividend payable	250,000.00	250,000.00
Other accounts payable	52,704,469.73	33,560,585.60
Non-current liabilities due within 1 year	57,390,000.00	77,390,000.00
Other current liabilities		
Total current liabilities	885,286,459.93	744,339,703.69
Non-current liabilities:		
Long-term borrowings	346,090,000.00	296,090,000.00
Bonds payable		
Long-term payables	650,000.00	650,000.00
Specific payables		
Estimated liabilities		
Deferred income tax liabilities		
Other non-current liabilities	17,688,888.89	10,688,888.89
Total non-current liabilities	364,428,888.89	307,428,888.89
Total liabilities	1,249,715,348.82	1,051,768,592.58
Owners' equity (or shareholders' equity)		
Paid-up capital (or share capital)	593,923,220.00	593,923,220.00
Capital reserves	263,799,837.18	263,799,837.18
Less: Treasury stock		

Specific reserves	12,885,786.68	11,090,176.40
Surplus reserves	126,334,248.31	126,334,248.31
Provisions for general risks		
Retained profits	700,438,572.50	562,155,107.30
Foreign exchange difference		
Total owners' (or shareholders') equity	1,697,381,664.67	1,557,302,589.19
Total liabilities and owners' (or shareholders') equity	2,947,097,013.49	2,609,071,181.77

Legal representative: Li Zuorong Chief of the accounting work: He Xuesong Chief of the accounting organ: He Xuesong

3. Consolidated income statement

Prepared by Hubei Sanonda Co., Ltd.

Unit: RMB Yuan

Item	Jan.-Mar. 2014	Jan.-Mar. 2013
I. Operating revenues	801,641,627.55	628,575,842.14
Including: Sales income	801,641,627.55	628,575,842.14
Interest income		
Premium income		
Handling charge and commission income		
II. Total operating cost	623,408,283.03	576,946,339.84
Including: Cost of sales	563,394,439.89	506,602,588.85
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	188,174.48	402,044.79
Selling and distribution expenses	18,980,495.62	21,190,162.30
Administrative expenses	30,218,260.55	22,719,543.58
Financial expenses	7,605,144.49	21,843,761.07

Asset impairment loss	3,021,768.00	4,188,239.25
Add: Gain/(loss) from change in fair value (“-” means loss)		
Gain/(loss) from investment (“-” means loss)		
Including: share of profits in associates and joint ventures		
Foreign exchange gains (“-” means loss)		
III. Business profit (“-” means loss)	178,233,344.52	51,629,502.30
Add: non-operating income	17,582.58	63,994.04
Less: non-operating expense	112,748.58	217,001.61
Including: loss from non-current asset disposal		
IV. Total profit (“-” means loss)	178,138,178.52	51,476,494.73
Less: Income tax expense	46,267,988.02	13,747,521.88
V. Net profit (“-” means loss)	131,870,190.50	37,728,972.85
Including: Net profit achieved by combined parties before the combinations		
Attributable to owners of the Company	131,969,307.74	37,506,826.11
Minority shareholders’ income	-99,117.24	222,146.74
VI. Earnings per share	--	--
(I) Basic earnings per share	0.2222	0.0632
(II) Diluted earnings per share	0.2222	0.0632
VII. Other comprehensive incomes		
VIII. Total comprehensive incomes	131,870,190.50	37,728,972.85
Attributable to owners of the Company	131,969,307.74	37,506,826.11
Attributable to minority shareholders	-99,117.24	222,146.74

Legal representative: Li Zuorong

Chief of the accounting work: He Xuesong

Chief of the accounting organ: He Xuesong

4. Income statement of the Company

Prepared by Hubei Sanonda Co., Ltd.

Unit: RMB Yuan

Item	Jan.-Mar. 2014	Jan.-Mar. 2013
I. Operating revenues	788,008,058.96	628,377,392.08
Less: operating costs	554,927,275.87	514,509,248.40
Business taxes and surcharges	138,886.05	207,749.84
Distribution expenses	17,435,486.32	17,652,090.95
Administrative expenses	22,445,422.29	17,644,785.05
Financial costs	7,902,244.11	22,854,633.57
Impairment loss	714,500.25	2,937,009.44
Add: gain/(loss) from change in fair value (“-” means loss)		
Gain/(loss) from investment (“-” means loss)		650,000.00
Including: income from investment on associates and joint ventures		
II. Business profit (“-” means loss)	184,444,244.07	53,221,874.83
Add: non-business income	16,318.10	63,994.04
Less: non-business expense	82,608.58	
Including: loss from non-current asset disposal		
III. Total profit (“-” means loss)	184,377,953.59	53,285,868.87
Less: income tax expense	46,094,488.39	13,158,967.22
IV. Net profit (“-” means loss)	138,283,465.20	40,126,901.65
V. Earnings per share	--	--
(I) Basic earnings per share	0.2328	0.0676
(II) Diluted earnings per share	0.2328	0.0676
VI. Other comprehensive income		
VII. Total comprehensive income	138,283,465.20	40,126,901.65

Legal representative: Li Zuorong Chief of the accounting work: He Xuesong Chief of the accounting organ: He Xuesong

5. Consolidated cash flow statement

Prepared by Hubei Sanonda Co., Ltd.

Unit: RMB Yuan

Item	Jan.-Mar. 2014	Jan.-Mar. 2013
I. Cash flows from operating activities:		

Cash received from sale of commodities and rendering of service	654,860,051.34	461,866,937.23
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 tradable financial assets		
Cash received from interest, handling charges and commissions		
Net increase of intra-group borrowings		
Net increase of funds in repurchase business		
Tax refunds received		12,188,773.44
Other cash received relating to operating activities	10,796,386.94	22,639,159.97
Subtotal of cash inflows from operating activities	665,656,438.28	496,694,870.64
Cash paid for goods and services	387,477,798.92	353,961,776.05
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	37,293,744.46	40,393,253.97
Various taxes paid	58,061,768.24	5,248,030.22
Other cash payment relating to operating activities	35,841,392.84	31,845,842.72
Subtotal of cash outflows from operating activities	518,674,704.46	431,448,902.96
Net cash flows from operating activities	146,981,733.82	65,245,967.68
II. Cash flows from investing activities:		
Cash received from withdrawal of investments		
Cash received from return on investments		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	1,350.00	30,000.00
Net cash received from disposal of subsidiaries or other business units		
Other cash received relating to investing activities		
Subtotal of cash inflows from investing activities	1,350.00	30,000.00
Cash paid to acquire fixed assets, intangible assets and other long-term assets	118,199,901.92	32,929,759.71
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	118,199,901.92	32,929,759.71
Net cash flows from investing activities	-118,198,551.92	-32,899,759.71
III. Cash flows from financing Activities:		
Cash received from capital contributions		
Including: Cash received from		

minority shareholder investments by subsidiaries		
Cash received from borrowings	368,650,312.15	571,755,563.46
Cash received from issuance of bonds		
Other cash received relating to financing activities	4,000,000.00	51,311.94
Subtotal of cash inflows from financing activities	372,650,312.15	571,806,875.40
Repayment of borrowings	268,245,087.54	311,188,036.73
Cash paid for interest expenses and distribution of dividends or profit	10,770,661.59	14,163,250.57
Including: dividends or profit paid by subsidiaries to minority shareholders		
Other cash payments relating to financing activities	7,000,000.00	
Sub-total of cash outflows from financing activities	286,015,749.13	325,351,287.30
Net cash flows from financing activities	86,634,563.02	246,455,588.10
IV. Effect of foreign exchange rate changes on cash and cash equivalents		
V. Net increase in cash and cash equivalents	115,417,744.92	278,801,796.07
Add: Opening balance of cash and cash equivalents	410,065,921.21	175,181,365.77
VI. Closing balance of cash and cash equivalents	525,483,666.13	453,983,161.84

Legal representative: Li Zuorong Chief of the accounting work: He Xuesong Chief of the accounting organ: He Xuesong

6. Cash flow statement of the Company

Prepared by Hubei Sanonda Co., Ltd.

Unit: RMB Yuan

Item	Jan.-Mar. 2014	Jan.-Mar. 2013
I. Cash flows from operating activities:		
Cash received from sale of commodities and rendering of service	605,686,691.27	438,490,382.86
Tax refunds received		6,394,161.44

Other cash received relating to operating activities	10,676,943.18	11,514,052.89
Subtotal of cash inflows from operating activities	616,363,634.45	456,398,597.19
Cash paid for goods and services	370,735,924.64	324,531,554.27
Cash paid to and for employees	33,225,209.07	33,866,593.96
Various taxes paid	57,149,977.21	2,706,248.66
Other cash payment relating to operating activities	27,449,948.92	18,048,258.77
Subtotal of cash outflows from operating activities	488,561,059.84	379,152,655.66
Net cash flows from operating activities	127,802,574.61	77,245,941.53
II. Cash flows from investing activities:		
Cash received from retraction of investments		
Cash received from return on investments		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	1,350.00	30,000.00
Net cash received from disposal of subsidiaries or other business units		
Other cash received relating to investing activities		
Subtotal of cash inflows from investing activities	1,350.00	30,000.00
Cash paid to acquire fixed assets, intangible assets and other long-term assets	116,332,310.92	31,836,938.56
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	116,332,310.92	31,836,938.56
Net cash flows from investing activities	-116,330,960.92	-31,806,938.56
III. Cash flows from financing		

activities:		
Cash received from capital contributions		
Cash received from borrowings	300,000,000.00	468,000,000.00
Cash received from issuance of bonds		
Other cash received relating to financing activities	4,000,000.00	
Subtotal of cash inflows from financing activities	304,000,000.00	468,000,000.00
Repayment of borrowings	198,000,000.00	272,560,000.00
Cash paid for interest expenses and distribution of dividends or profit	9,485,499.34	13,759,277.83
Other cash payments relating to financing activities	7,000,000.00	
Sub-total of cash outflows from financing activities	214,485,499.34	286,319,277.83
Net cash flows from financing activities	89,514,500.66	181,680,722.17
IV. Effect of foreign exchange rate changes on cash and cash equivalents		
V. Net increase in cash and cash equivalents	100,986,114.35	227,119,725.14
Add: Opening balance of cash and cash equivalents	325,849,120.35	149,485,252.01
VI. Closing balance of cash and cash equivalents	426,835,234.70	376,604,977.15

Legal representative: Li Zuorong

Chief of the accounting work: He Xuesong

Chief of the accounting organ: He Xuesong

II. Audit report

This report is not audited.

HUBEI SANONDA CO., LTD.

Legal representative: Li Zuorong

20 April 2014