



HUBEI SANONDA CO., LTD.

FIRST QUARTER REPORT 2018

Adama Agricultural Solutions Ltd., one of the world's leading crop protection companies, and Hubei Sanonda Co., Ltd. have combined, creating the only integrated, publicly traded Global-China crop protection company.

At ADAMA, we strive to Create Simplicity in Agriculture – offering farmers effective products and services that simplify their lives and help them grow. With one of the most comprehensive and diversified portfolios of differentiated, quality products, our 6,600 strong team reaches farmers in over 100 countries, providing them with solutions to control weeds, insects and disease, and improve their yields.

Please see key additional information and further details included in the Annex.

April 2018

Section I Important Statements

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

All directors attended the board session for reviewing this report.

Chen Lichtenstein, company legal representative, Aviram Lahav, Chief Financial Officer & Chief of the accounting organ, hereby confirm that the Financial Report enclosed in this report is factual, accurate and complete.

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

Section II Financial Highlights & Shareholder Changes

I Highlights of accounting data and financial indicators

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

☒ Yes ☐ No

The reason for the retroactive adjustments or restatements:

Business combination under common control.

Unit: RMB'000

	January-March 2018	January-March 2017		+/- (%)
		Before adjustment	After adjustment	After adjustment
Operating revenue	6,499,510	655,835	6,343,615	2.46%
Net profit attributable to shareholders of the Company	2,032,027	58,717	762,710	166.42%
Net profit attributable to shareholders of the Company excluding non-recurring profit and loss	466,066	58,356	58,356	698.66%
Net cash flows from operating activities	-215,819	7,109	37,028	-682.85%
Basic EPS (RMB/share)	0.831	0.099	0.326	154.91%
Diluted EPS (RMB/share)	N/A	N/A	N/A	N/A
Weighted average return on net assets	10.39%	2.89%	4.42%	5.97%
	March 31 2018	31 December 2017		+/- (%)
		Before adjustment	After adjustment	After adjustment
Total assets	39,855,390	39,613,922	39,623,144 ^{Note 1}	0.59%
Net assets attributable to shareholders of the Company	20,308,267	18,778,013	18,787,235 ^{Note 1}	8.10%

Note 1:

The amounts specified are 2018 opening balance amounts rather than 2017 closing balance amounts. As of January 1, 2018, the Company began to adopt the revised Accounting Standards for Business Enterprises ("ASBE") regarding financial instruments and revenue, promulgated by Ministry of Finance in 2017. According to the transitional requirements of relevant revised ASBEs, the opening balances of total assets and net assets attributable to the shareholders of the Company have been adjusted. The total assets and net assets attributable to the shareholders of the Company as at December 31, 2017 were RMB'000 39,613,922 and RMB'000 18,778,013, respectively.

Please see key additional information and further details included in the Annex.

Non-Recurring profit/loss

☒ Applicable ☐ Not applicable

Unit: RMB'000

Item	January-March 2018	Note
Gains/losses on the disposal of non-current assets (including the offset part of asset impairment provisions)	1,997,866	
Government grants recognized in the current period, except for those acquired in the ordinary course of business or granted at certain quotas or amounts according to the country's unified standards	5,491	
Recovery or reversal of provision for bad debts which is assessed individually during the year	5,277	
Other non-operating income and expenses other than the above	1,774	
Less: Income tax effects	444,447	
Total	1,565,961	--

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

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

☐ Applicable ☒ Not applicable

In the reporting period, the Company had no such case that classified extraordinary profit (gain)/loss as defined and listed in the Explanatory Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss as recurring profit (gain)/loss.

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

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

Unit: share

Total number of ordinary shareholders at the end of the Reporting Period		51,659 (the number of ordinary A share shareholders is 35,807; the number of B share shareholders is 15,852)		Total number of preference shareholders who had resumed their voting right at the end of the Reporting Period (if any)		0
Shareholdings of top 10 shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage	Number of shares held	Number of restricted shares held	Pledged or frozen shares	
					Status	Number
China National Agrochemical Co., Ltd.	State-owned legal person	74.02%	1,810,883,039	1,810,883,039	-	-
Jingzhou Sanonda Holding Co., Ltd.	State-owned legal person	4.89%	119,687,202	119,687,202	-	-
China Cinda Asset Management Co., Ltd.	State-owned legal person	1.37%	33,557,046	33,557,046	-	-
China Structural Reform Fund Co., Ltd.	State-owned legal person	1.37%	33,557,046	33,557,046	-	-
CCB Principal-ICBC-Avic Trust, Trust Plan of Pooled Funds of CCB Principal Private Placement Investment, Tianqi (2016) No. 293 of Avic Trust	Others	0.53%	12,885,906	12,885,906	-	-
Portfolio No.118 of National Social Security Fund	Others	0.37%	9,004,717	0	-	-
Industrial Bank Co., Ltd, Mixed Securities Investment Fund, Aegon-Industrial Trend Investment (LOF)	Others	0.33%	8,053,736	8,053,736	-	-
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign legal person	0.20%	4,923,948	0	-	-
Penghua Fund-CCB-China Life Insurance, Private Placement Portfolio of Penghua Fund Management Co., Ltd Entrusted by China Life Insurance (Group) Company	Others	0.19%	4,697,990	4,697,990	-	-
Caitong Fund Fuchun Chuangyi Private Placement No.3 Asset Management Plan	Others	0.19%	4,697,986	4,697,986	-	-

Shareholdings of top 10 non-restricted shareholders			
Name of shareholder	Number of non-restricted shares held at the period-end	Type of shares	
		Type	Number
Portfolio 118, National Social Security Fund	9,004,717	RMB ordinary share	9,004,717
GUOTAI JUNAN SECURITIES (HONGKONG) LIMITED	4,923,948	Domestically listed foreign share	4,923,948
State-owned Assets Administration Bureau of Qichun County	4,169,266	RMB ordinary share	4,169,266
Wu Feng	2,927,021	RMB ordinary share	2,927,021
Portfolio 407, National Social Security Fund	2,833,600	RMB ordinary share	2,833,600
Xie Qingjun	2,706,900	Domestically listed foreign share	2,706,900
Shi Yun	2,500,100	RMB ordinary share	2,500,100
Xingye Global Fund-ABC-CPIC Life Insurance, CPIC Life Insurance Private Placement Strategic Product (Dividends based on the insured amount), Entrusted Investment	2,493,609	RMB ordinary share	2,493,609
Xingye Global Fund- Ningbo Bank-Xingquan Specific Strategy No. 29	2,419,107	RMB ordinary share	2,419,107
China Merchants Securities Hong Kong Co., Ltd.	1,981,680	Domestically listed foreign share	1,981,680
Related or act-in-concert parties among the shareholders above	Jingzhou Sanonda Holdings Co., Ltd. and CNAC are related parties, and are acting-in-concert parties as prescribed in the Administrative Methods for Acquisition of Listed Companies. Sanonda Holding is a wholly-controlled subsidiary of CNAC. It is unknown to the Company whether the other shareholders are related parties or acting-in-concert parties as prescribed in the Administrative Methods for Acquisition of Listed Companies.		
Top 10 ordinary shareholders conducting securities margin trading (if any)	1) Shareholder Wu Feng held 775,726 shares of the Company through a credit collateral securities trading account and held 2,151,295 shares of the Company through a common securities account, and therefore held 2,927,021 shares of the Company in total. 2) Shareholder Shi Yun held 2,500,100 shares of the Company through a credit collateral securities trading account and held 0 shares of the Company through a common securities account, and therefore held 2,500,100 shares of the Company in total.		

Did any of the top 10 ordinary shareholders or the top 10 non-restricted ordinary shareholders of the Company conduct any promissory buy-back transaction during the Reporting Period?

☐ Yes ☒ No

No such cases in the Reporting Period.

2. Total number of preference shareholders and shareholdings of the top 10 of them at the period-end

☐ Applicable ☒ Not applicable

Section III Significant Events

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

√ Applicable □ Not applicable

Unit: RMB'000

Assets and liabilities	March 31, 2018	December 31, 2017	+/- (%)	Main reason for change
Financial assets at fair value through profit or loss	14,576	23,000	-37%	Realization of financial assets.
Derivative financial assets	223,303	455,153	-51%	Realization and revaluation of derivatives.
Bills receivable	43,216	180,030	-76%	Mainly endorsed to suppliers.
Other receivables	1,480,528	1,037,836	43%	Mainly Increase in subordinated note in respect of securitization transaction
Assets held for sale	0	403,297	-100%	Divestment transaction completed.
Intangible assets	5,799,550	4,036,588	44%	Mainly purchase of intangible assets from Syngenta AG.
Short term loans	454,212	2,280,912	-80%	Repayment of short term loans.
Bills payable	135,321	311,557	-57%	Cheques paid
Taxes payable	674,256	431,275	56%	Mainly due to increase in VAT due to seasonal operations.
Interest payable	143,605	46,491	209%	Mainly due to accumulated bond interest paid on May and November each year.
Deferred tax liability	434,577	224,613	93%	Mainly due to utilization of losses carry forward due to gain from disposal of intangible assets.
Deferred income	46,131	-	100%	Deferred income related to divestment transaction.
Other comprehensive income	-642,921	-154,701	316%	Mainly due to translation effect of foreign operations.
Retained earnings	5,311,930	3,286,711	62%	Mainly net profit.
Profit and losses	January - March, 2018	January - March, 2017	+/- (%)	Main reason for change
Taxes and surcharges	28,749	16,770	71%	Mainly due to stamp tax payment.
Financing Expense	38,474	435,830	-91%	Mainly due to exchange rates differences.
Gains from changes in fair value	-315,266	218,882	-244%	Mainly due to change in the fair value of derivatives.
Investment income (loss)	137,676	76,010	81%	Mainly due to realization of derivatives.
Gain (Loss) from disposal of non-current assets	1,997,866	-980	203,964%	Gain from disposal of intangible assets.
Non-operating expenses	2,859	7,123	-60%	Decrease in non-recurring expenses.
Income tax expenses	542,652	19,324	2,708%	Mainly due to gain from disposal of intangible assets.

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

☒ Applicable ☐ Not applicable

The listing date of the newly-issued 104,697,982 shares of the Company issued upon the completion of the capital raise made by the Company of approximately 1.5 billion RMB from equity investors, is January 17, 2018.

It shall be further noted, with respect to the transfers and divestments relating to ChemChina's acquisition of Syngenta AG, that the transaction relating to the receipt of the transferred products from Syngenta AG and concurrent divestment of the products of Adama Agricultural Solutions Ltd. (a wholly-owned subsidiary of the Company), in Europe was successfully completed in the first quarter of 2018.

Please see key additional information and further details included in the Annex.

III None completion of Commitments that should have been completed in the reporting period by the Company, actual controller, shareholders, related parties, acquirer, and other committed parties.

☐ Applicable ☒ Not applicable

IV Performance forecast for months 1-6 2018

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

☐ Applicable ☒ Not applicable

V Securities investment

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

VI Investment in derivative financial instruments

☒ Applicable ☐ Not applicable

Unit: RMB'000

The party that operates the investment	Relation with the Company	Related party transaction or not?	Type	Initial investment amount	Starting date	Expiring date	Investment amount at beginning of the period	Amount purchased during the reporting period	Amount sold during the reporting period	Impairment accrued (if any)	Investment amount at end of the period	Percentage of investment amount divided by net asset at end of the period	Gain/loss during the reporting period
Banks	No	No	Option	52,274	12/02/2018	04/08/2018	52,274	4,444,376	-2,298,958	No	2,197,692	10.83%	-34,593
Banks	No	No	Forward	15,911,923	02/01/2018	25/06/2018	15,911,923	21,145,725	-22,675,461	No	14,382,187	70.90%	-318,327
Total				15,964,197	--	--	15,964,197	25,590,101	-24,974,419		16,579,879	81.73%	-352,920
Source of fund for the investment				Internal									
litigation-related situations (if applicable)				N/A									
Date of disclosure of Board approval (if any)				N/A									
Date of disclosure of Shareholders' approval (if any)				N/A									
Risk and control analysis for the reporting period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)				The aforesaid refers to short term hedging currency transactions made with banks. The Group's transactions are not traded in the market. The Transactions are between the applicable company in the Group and the applicable bank until the expiration date of the transaction, therefore no market risk is involved. Regarding credit and liquidity risk, the Group is working with large and substantial banks only and with some of them the Group has ISDA agreements. As to operational risk, the Group is working with approved software, which is its back office for all transactions. No legal risk is involved. The controls taken in order to further reduce said risks are: - The relevant subsidiaries have specific guidelines, under the Group's policy, which were approved by the subsidiaries' financial statements committee of the board, which specifies, inter alia, the hedging policy, the persons that has the authorization to deal with hedging, the tools, ranges etc. The only subsidiary that has hedging positions in the Group in the period was Adama Solutions and its subsidiaries. - The relevant subsidiaries apply local SOX audits that audit the working process and the controls of the hedging transactions, in addition to the quarterly audit. - The controllers of the relevant subsidiaries are involved and monitor the hedging accounting treatment. - Every 2-3 years the internal audit of the relevant subsidiaries department is auditing all the procedure.									
Market price or fair value change of investments during the reporting period. Specific methodology and assumptions should be disclosed in the analysis of fair value of the investments				The aforesaid refers to short time hedging currency transactions made by the relevant subsidiary with banks. Segregation of duties as follows: For the fair value evaluation, the relevant subsidiary is using external experts. The relevant subsidiary hedges currencies only; the relevant transactions are simple (Options and forwards) for up to 1.5 years. Therefore, the valuation is straight forward, and the exchange rates are provided by the accounting department of the relevant subsidiary and all other parameters are provided by the experts.									
Explanation for any significant changes in accounting policies and principles, compared with last reporting period				N/A									
Independent Directors' opinion on the investment in derivative financial instruments and related risk controls				N/A									

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

☒ Applicable ☐ Not applicable

Date of visit	Way of visit	Type of visitor	About
January 4, 2018	On Site Research (One to Many)	Institutional Investors	Introduced the Company's overall situation and business development after the merger of Adama and Sanonda.
January 22, 2018	Roadshow (One to Many)	Institutional Investors	Introduced the Company's overall situation and business development after the merger of Adama and Sanonda.
January 30, 2018	Call (One to Many)	Institution and individual	Introduction on the relevant contents of the pre-announcement on the 2017 performance
February 8 to 9, 2018	Roadshow (One to Many)	Institutional Investors	Introduced the Company's overall situation and business development after the merger of Adama and Sanonda.
March 28, 2018	On Site Research (One to Many)	Institutional Investors	Communication on the 2017 performance of the Company
March 29 to 30, 2018	Roadshow (One to Many)	Institutional Investors	Communication on the 2017 performance of the Company

VIII Illegal provision of guarantees for external parties

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

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

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

Section IV Financial Statements

I Financial statements

1. Consolidated balance sheet

Prepared by Hubei Sanonda Co., Ltd.

31 March 2018

Unit: RMB'000

Item	Closing balance	Opening balance
Current assets:		
Cash at bank and on hand	5,605,252	7,868,858
Financial assets at fair value through profit and loss	14,576	23,000
Derivative financial assets	223,303	455,153
Bills receivable	43,216	180,030
Accounts receivable	6,355,002	5,077,632
Prepayments	243,711	202,111
Other receivables	1,480,528	1,037,836
Inventories	7,844,076	7,488,238
Assets held for sale	-	403,297
Non-current assets due within one year	44	46
Other current assets	512,898	614,925
Total current assets	22,322,606	23,351,126
Non-current assets:		
Available-for-sale financial assets	19,124	19,544
Long-term receivables	176,180	192,968
Long-term equity investments	94,617	102,383
Investment property	4,330	4,408
Fixed assets	5,950,653	6,141,490
Construction in progress	812,213	803,421
Intangible assets	5,799,550	4,036,588
Goodwill	3,747,280	3,890,097
Deferred tax assets	720,009	879,452
Other non-current assets	208,828	201,667
Total non-current assets	17,532,784	16,272,018
Total assets	39,855,390	39,623,144
Current liabilities:		
Short-term loans	454,212	2,280,912
Derivative financial liabilities	782,623	789,050
Bills payable	135,321	311,557
Accounts payable	4,510,970	3,906,481
Advances from customers	179,382	226,711
Employee benefits payable	878,638	995,637
Taxes payable	674,256	431,275
Interest payable	143,605	46,491
Dividends payable	250	250
Other payables	1,571,612	1,375,993
Non-current liabilities due within one year	390,391	448,504
Other current liabilities	495,365	482,583
Total current liabilities	10,216,625	11,295,444

Item	Closing balance	Opening balance
Non-current liabilities:		
Long-term loans	471,722	514,320
Debentures payable	7,362,573	7,777,410
Long-term payables	22,876	24,203
Long-term employee benefits payables	595,249	610,714
Provisions	166,680	163,913
Deferred income	46,131	-
Deferred tax liabilities	434,577	224,613
Other non-current liabilities	230,690	225,292
Total non-current liabilities	9,330,498	9,540,465
Total liabilities	19,547,123	20,835,909
Owners' equity:		
Share capital	2,446,554	2,446,554
Capital reserves	12,972,906	12,982,277
Other comprehensive income	(642,921)	(154,701)
Special reserves	11,975	9,349
Surplus reserves	207,823	207,823
Retained earnings	5,311,930	3,295,933
Total equity attributable to owners of the Company	20,308,267	18,787,235
Total owners' equity	20,308,267	18,787,235
Total liabilities and owners' equity	39,855,390	39,623,144

Legal representative: Chen Lichtenstein;

Chief of the accounting work: Aviram Lahav;

Chief of the accounting organ: Aviram Lahav.

2. Balance sheet of the Company

Unit: RMB'000

Item	Closing balance	Opening balance
Current Assets:		
Cash at bank and on hand	2,043,030	1,868,603
Bills receivable	14,013	146,525
Accounts receivable	954,321	850,034
Prepayments	43,424	24,019
Other receivables	1,794	1,140
Inventories	117,594	177,402
Other current assets	566	1,406
Total current assets	3,174,742	3,069,129
Non-current assets:		
Available-for-sale financial assets	8,572	8,573
Long-term equity investments	15,939,826	15,939,826
Investment property	4,330	4,408
Fixed assets	1,226,683	1,262,330
Construction in progress	100,884	81,993
Intangible assets	182,668	183,920
Deferred tax assets	35,657	35,826
Other non-current assets	12,977	11,000
Total non-current assets	17,511,597	17,527,876
Total assets	20,686,339	20,597,005
Current liabilities:		
Short-term loans	20,000	70,000
Bills payable	38,000	23,000
Accounts payable	250,259	234,615
Advances from customers	42,114	63,904
Employee benefits payable	23,878	30,491
Taxes payable	61,553	19,301
Interest payable	180	105
Dividends payable	250	250
Other payables	500,046	482,503
Non-current liabilities due within one year	100,000	126,590
Total current liabilities	1,036,280	1,050,759
Non-current liabilities:		
Long-term loans	72,000	72,000
Long-term employee benefits payables	91,151	93,025
Estimated liabilities	15,671	15,671
Other non-current liabilities	171,770	171,770
Total non-current liabilities	350,592	352,466
Total liabilities	1,386,872	1,403,225
Owners' equity:		
Share capital	2,446,554	2,446,554
Capital reserves	15,413,663	15,423,034
Special reserves	11,951	10,040
Surplus reserves	207,823	207,823
Retained earnings	1,219,476	1,106,329
Total owners' equity	19,299,467	19,193,780
Total liabilities and owners' equity	20,686,339	20,597,005

3. Consolidated income statement

Unit: RMB'000

Item	January-March 2018	January-March 2017
1. Total operating Income	6,499,510	6,343,615
Including: Operating income	6,499,510	6,343,615
2. Total operating costs	5,747,252	5,853,576
Including: Cost of sales	4,241,098	4,055,998
Taxes and surcharges	28,749	16,770
Selling and Distribution expenses	1,081,703	1,034,874
General and Administrative expenses	328,748	279,567
Financial expenses, net	38,474	435,830
Impairment losses, net	28,480	30,537
Add: Gains (loss) from changes in fair value	(315,266)	218,882
Investment income (loss), net	137,676	76,010
Including: Income (loss) from investment in associates and joint ventures	(5,646)	2,815
Gain (loss) from disposal of assets	1,997,866	(980)
3. Operating profit	2,572,534	783,951
Add: Non-operating income	5,004	5,206
Less: Non-operating expenses	2,859	7,123
4. Total profit	2,574,679	782,034
Less: income tax expenses	542,652	19,324
5. Net profit	2,032,027	762,710
Net profit attributable to shareholders of the Company	2,032,027	762,710
6. Other comprehensive income net of tax	(488,220)	(91,584)
Other comprehensive income net of tax attributable to shareholders of the Company	(488,220)	(91,584)
6.1 Items that will not be reclassified into profit/loss	2,205	(310)
6.1.1 Re-measurement of defined benefit plan liability	2,205	(310)
6.2 Items that were or will be reclassified to profit or loss	(490,425)	(91,274)
6.2.4 Effective portion of gains or loss of cash flow hedge	81,077	(99,725)
6.2.5 Translation differences of foreign financial statements	(571,502)	8,451
7. Total comprehensive income for the period	1,543,807	671,126
Attributable to shareholders of the Company	1,543,807	671,126
8. Earnings per share		
8.1 Basic earnings per share (RMB/ share)	0.831	0.326
8.2 Diluted earnings per share (RMB/ share)	N/A	N/A

Legal representative: Chen Lichtenstein;

Chief of the accounting work: Aviram Lahav;

Chief of the accounting organ: Aviram Lahav

4. Income statement of the Company

Unit: RMB'000

Item	January-March 2018	January-March 2017
1. Operating income	837,781	644,152
Less: Operating costs	614,109	516,459
Taxes and surcharges	14,642	3,770
Selling and Distribution expenses	30,261	20,168
General and administrative expenses	36,141	23,587
Financial expenses, net	6,092	4,258
Impairment losses	2,957	3,760
2. Operating profit	133,579	72,150
Add: Non-operating income	238	830
Less: Non-operating expenses	4	677
3. Total profit	133,813	72,303
Less: Income tax expense	20,667	18,285
4. Net profit	113,146	54,018
4.1 Net profit from continuing operations	113,146	54,018
4.2 Net profit from discontinued operations	-	-
5. Other comprehensive income net of tax		
5.1 Items that will not be reclassified into profit/loss	-	-
5.2 Items that were or will be reclassified to profit or loss	-	-
6. Total comprehensive income	113,146	54,018

5. Consolidated cash flow statement

Unit: RMB'000

Item	January-March 2018	January-March 2017
1. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	4,913,941	4,706,108
Refund of taxes and surcharges	5,281	13,544
Cash received relating to other operating activities	135,006	191,888
Sub-total of cash inflows from operating activities	5,054,228	4,911,540
Cash paid for goods and services	3,132,348	2,957,686
Cash paid to and on behalf of employees	806,849	671,646
Payments of taxes and surcharges	99,773	54,665
Cash paid relating to other operating activities	1,231,077	1,190,515
Sub-total of cash outflows from operating activities	5,270,047	4,874,512
Net cash flows from operating activities	(215,819)	37,028
2. Cash flows from investing activities:		
Cash received from disposal of investments	7,470	20,544
Cash received as return on investments	-	3,014
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	2,411,752	2,051
Cash received from other investing activities	-	13,049
Sub-total of cash inflows from investing activities	2,419,222	38,658
Cash paid to acquire fixed assets, intangible assets and other long-term assets	2,373,708	323,623
Sub-total of cash outflows from investing activities	2,373,708	323,623
Net cash flows from investing activities	45,514	(284,965)
3. Cash flows from financing activities:		
Cash received from borrowings	-	100,000
Cash received relating to other financing activities	-	7,800
Sub-total of cash inflows from financing activities	-	107,800
Cash repayment of borrowings	1,836,276	324,811
Cash payment for dividends, profit distributions or interest	42,028	85,581

Item	January-March 2018	January-March 2017
Including: dividends or profit paid by subsidiaries to minority interests	16,028	29,230
Cash paid relating to other financing activities	7,555	100,000
Sub-total of cash outflows from financing activities	1,885,859	510,392
Net cash flows from financing activities	(1,885,859)	(402,592)
4. Effect of foreign exchange rate changes on cash and cash equivalents	(210,892)	(20,245)
5. Net increase (decrease) in cash and cash equivalents	(2,267,056)	(670,774)
Add: Cash and cash equivalents at the beginning of the period	7,864,258	3,833,747
6. Cash and cash equivalents at the end of the period	5,597,202	3,162,973

6. Cash flow statement of the Company

Unit: RMB'000

Item	January-March 2018	January-March 2017
1. Cash flows from operating activities:		
Cash received from sale of commodities and rendering of service	636,451	246,069
Tax refunds received	-	2,884
Cash received from other operating activities	6,835	1,061
Subtotal of cash inflows from operating activities	643,286	250,014
Cash paid for goods and services	267,037	237,938
Cash paid to and for employees	49,453	51,441
Taxes and fares paid	15,462	8,768
Cash paid for other operating activities	27,075	33,028
Subtotal of cash outflows from operating activities	359,027	331,175
Net cash flows from operating activities	284,259	(81,161)
2. Cash flows from investing activities:		
Cash paid to acquire fixed assets, intangible assets and other long-term assets	12,582	20,822
Subtotal of cash outflows from investing activities	12,582	20,822
Net cash flows from investing activities	(12,582)	(20,822)
3. Cash flows from financing activities:		
Cash received as borrowings	-	50,000
Cash received from other financing activities	-	7,800
Subtotal of cash inflows from financing activities	-	57,800
Repayment of borrowings	76,590	32,500
Cash paid for interest expenses and distribution of dividends or profit	2,680	4,224
Cash paid for other financing activities	7,555	100,000
Sub-total of cash outflows from financing activities	86,825	136,724
Net cash flows from financing activities	-86,825	-78,924
4. Effect of foreign exchange rate changes on cash and cash equivalents	-13,876	1
5. Net increase in cash and cash equivalents	170,976	-180,906
Add: cash and cash equivalents at the beginning of the period	1,864,003	249,741
6. Cash and cash equivalents at the end of the period	2,034,979	68,835

II Auditor's report

Is this Report audited?

☐ Yes ☒ No

This Report is unaudited.

Hubei Sanonda Co., Ltd.

26 April 2018