



HUBEI SANONDA CO., LTD.

THIRD 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.

October 2018

Section I Important Notice

The Company's Board of Directors, Board of Supervisors, directors, supervisors and senior managers confirm that the content of the Report is true, accurate and complete and contains no false statement, misleading presentation or material omissions, and assume joint and several legal liability arising therefrom.

Chen Lichtenstein, the person in charge of the Company as well as its legal representative, and Aviram Lahav, the person in charge of the accounting function (Chief Financial Officer), hereby state and ensure the truthfulness, accuracy and completeness of the Financial Report.

All the Company's directors attended the board meeting for the review of this Report.

This Report has been prepared in both Chinese and English. Should there be any discrepancies 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

Unit: RMB'000

	End of Reporting Period	End of last year	+/- (%)
Total assets	42,628,220	39,685,756 ^{Note 1}	7.41%
Net assets attributable to shareholders of the Company	22,423,162	18,849,847 ^{Note 1}	18.96%

Unit: RMB'000

	July - September		+/- (%)	January - September		+/- (%)
	2018	2017		2018	2017	
Operating revenues	5,928,627	5,624,175	5.41%	18,954,885	18,394,239	3.05%
Net profit attributable to shareholders of the Company	179,661	282,520	(36.41%)	2,542,442	1,599,514	58.95%
Net profit attributable to shareholders of the Company excluding non-recurring profit and loss	175,718	270,892	(35.13%)	966,014	436,359	121.38%
Net cash flow from operating activities				1,454,557	2,521,540	(42.31%)
Basic EPS (RMB/share)	0.0734	0.1206	(39.14%)	1.0392	0.6830	52.15%
Diluted EPS (RMB/share)	N/A	N/A	-	N/A	N/A	-
Weighted average return on net assets	0.82%	1.61%	(49.10%)	12.31%	9.28%	32.70%

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 revenues, 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	Reporting Period	Note
Gains/losses on the disposal of non-current assets (including the offset part of asset impairment provisions)	1,996,244	Divestment in Europe, related to the Syngenta Transaction.
Government grants recognized through profit or loss (excluding government grants closely related to business of the Company and given at a fixed quota or amount in accordance with government's uniform standards)	16,667	--
Recovery or reversal of provision for bad debts which is assessed individually during the years	17,027	--
Other non-operating income and expenses other than the above	(4,134)	--
Less: Income tax effects	449,376	--
Total	1,576,428	--

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

□ Applicable √ Not applicable

No such cases in the Reporting Period.

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

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

Unit: share

Total number of ordinary shareholders at the end of the Reporting Period	52,055 (including 35,817 for A shares and 16,238 for B shares)	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 Corporation (CNAC)	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	-	-	-
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	-	-
Industrial Bank Co., Ltd, Mixed Securities Investment Fund, Aegon-Industrial Trend Investment (LOF)	Others	0.33%	8,053,736	8,053,736	-	-
Portfolio No.503 of National Social Security Fund	Others	0.25%	5,999,921	-	-	-
Jiang Yun	Domestic natural person	0.21%	5,200,173	-	-	-
Portfolio No.118 of National Social Security Fund	Others	0.21%	5,065,684	-	-	-
GUOTAI JUNAN SECURITIES(HONG KONG) LIMITED	Foreign legal person	0.20%	4,838,044	-	-	-
Shareholdings of top 10 non-restricted shareholders						
Name of shareholder			Number of non-restricted shares held at the period-end	Type of shares		
				Type	Number	
Jingzhou Sanonda Holding Co., Ltd.			119,687,202	RMB ordinary share	119,687,202	
Portfolio No.503 of National Social Security Fund			5,999,921	RMB ordinary share	5,999,921	
Jiang Yun			5,200,173	RMB ordinary share	5,200,173	
Portfolio No.118 of National Social Security Fund			5,065,684	RMB ordinary share	5,065,684	
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED			4,838,044	Domestically listed foreign share	4,838,044	
Qichun County State-owned Assets Administration			4,169,266	RMB ordinary share	4,169,266	
Agricultural Bank of China Limited - CSI 500 Exchange Traded Fund			4,034,562	RMB ordinary share	4,034,562	
Wu Feng			2,980,237	RMB ordinary share	2,980,237	
Xie Qingjun			2,500,000	Domestically listed foreign share	2,500,000	
Aegon-Industrial Fund – Agricultural Bank of China –			2,493,609	RMB ordinary	2,493,609	

China Pacific Life Insurance –Entrusted Investment by Private Placement Strategic Product (Assured Amount Bonus)		share	
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 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)	Shareholder Wu Feng held 775,726 shares of the Company through a credit collateral securities trading account and held 2,204,511 shares of the Company through a common securities account, who thus held 2,980,237 shares of the Company in total.		

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

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	September 30, 2018	January 1, 2018	+/- (%)	Main reason for change
Financial assets held for trading	47,528	23,000	107%	Additional investment
Derivative financial assets	677,223	455,153	49%	Revaluation of derivatives
Assets held for sale	-	403,297	(100%)	Divestment transaction completed
Other current assets	533,834	765,028	(30%)	Decrease in bank acceptance bills
Long term receivables	134,984	192,968	(30%)	Mainly collection and devaluation of a foreign currency
Construction in progress	433,350	803,421	(46%)	CIP transferred to fixed assets
Intangible assets	5,900,418	4,036,588	46%	Mainly purchase of intangible from Syngenta AG
Short term loans	452,729	2,280,912	(80%)	Repayment of short term loans
Derivative financial liabilities	1,045,164	789,050	32%	Revaluation of derivatives
Advances from customers	140,211	226,711	(38%)	Decrease in advances from customers
Other payables	2,201,178	1,422,734	55%	Mainly increase in liabilities for discounts, accrued expenses and liability in respect of securitization transaction
Taxes and fares payable	630,084	431,275	46%	Mainly due to increase in corporate income tax due to increase in taxable profit
Long-term loans	304,549	514,320	(41%)	Mainly due to repayment of loans
Deferred tax liabilities	431,346	224,613	92%	Mainly due to utilization of losses carry forward due to gain from disposal of intangible assets.
Provisions	102,337	163,913	(38%)	Decrease in provision in respect of contingencies and law suits
Deferred income	34,485	-	100%	Deferred income related to divestment transaction
Other comprehensive income	1,108,221	(104,080)	1165%	Mainly due to revaluation of hedge transaction and translation effect of foreign operations
Special reserves (China)	16,255	9,349	74%	Additions to safety production reserve

Retained earnings	5,671,403	3,307,924	71%	Mainly net profit
Profit and losses	January-September 2018	January-September 2017	+/- (%)	Main reason for change
Taxes and surcharges	63,870	48,661	31%	Increase in revenues
Research and Development expenses	262,581	196,579	34%	Increase in investments in R&D projects
Credit impairment loss	14,096	-	100%	Adoption of ASBE 22
Gains (Losses) from changes in fair value	(344,673)	170,228	(302%)	Mainly due to change in the fair value of derivatives
Investment income (loss)	355,813	28,088	1167%	Mainly due to realization of derivatives
Gain (Loss) from disposal of assets	1,996,242	55,761	3480%	Gain from disposal of intangible assets
Non-operating income	30,407	22,763	34%	Increase in non-recurring income
Income tax expenses	787,319	259,358	204%	Mainly due to gain from disposal of intangible assets and devaluation of the Brazilian Real which resulted in a decrease in the local tax assets

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

Applicable Not applicable

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

No such cases in the Reporting Period.

IV Performance forecast for Y2018

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 Wealth management entrustment

Applicable Not applicable

No such cases in the Reporting Period.

VII 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	03/06/2018	09/03/2019	52,274	6,097,265	(2,547,865)	No	3,601,674	16.06%	(229,646)
Banks	No	No	Forward	15,911,923	28/05/2018	11/01/2019	15,911,923	20,962,417	(23,768,719)	No	13,105,621	58.45%	(35,845)
Total				15,964,197	--	--	15,964,197	27,059,682	(26,316,584)		16,707,295	74.51%	(265,491)
Source of fund for the investment				Internal									
litigation-related situations (if applicable)				N/A									
Date of disclosure of Board approval (if any)				December 30, 2017									
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.)				<p>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 for all transactions. No legal risk is involved.</p> <p>The controls taken in order to further reduce said risks are:</p> <ul style="list-style-type: none"> 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 have 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. <p>Every 2-3 years the internal audit of the relevant subsidiaries department is auditing the entire procedure.</p>									
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				<p>The aforesaid refers to short term 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 straightforward, and the exchange rates are provided by the accounting department of the relevant subsidiary and all other parameters are provided by the external experts.</p>									
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				The derivative investments carried by the Company are for hedging and avoiding the risk of market fluctuations. The investments respond to the Company's routine business demands and are in accordance with the relevant laws and regulations. Additionally, the Company has adopted Currency Risk Hedging Policy to strengthen the risk management and control which benefit the Company's ability to protect against market risk. The derivative investments do not harm the interests of the Company and its shareholders.									

VIII 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
July 10, 2018	Call (One to Many)	Institutional Investors	Introduced the Company's overall situation and business development.
July 11, 2018	On Site Research	Institutional Investors	Introduced the Company's overall situation and business development.
July 17, 2018	Public Day of Capital Market	Institutional Investors	Introduced the global overall situation of Agrochemical industry, and the business of each function of the Company.
July 19, 2018	Public Day of Capital Market	Institutional Investors	Introduced the global overall situation of Agrochemical industry, and the business of each function of the Company.
August 27, 2018	Call (One to Many)	Institutional Investors	Communication on the Q2 and the first half year performances of the Company.

Date of visit	Way of visit	Type of visitor	About
August 28, 2018	Roadshow (One to Many)	Institutional Investors	Communication on the Q2 and the first half year performances of the Company.
August 29, 2018	Roadshow (One to Many)	Institutional Investors	Communication on the Q2 and the first half year performances of the Company.
August 30, 2018	Roadshow (One to Many)	Institutional Investors	Communication on the Q2 and the first half year performances of the Company.
September 4, 2018	Brokers' Strategy Meeting	Institutional Investors	Introduced the Company's overall situation, business development, and the Q2 and the first half year performances of the Company.
September 6, 2018	Brokers' Strategy Meeting	Institutional Investors	Communication on the Q2 and the first half year performances of the Company.

IX Illegal provision of guarantees for external parties

Applicable Not applicable

No such cases in the Reporting Period.

X Utilization of the Company's capital by the controlling shareholder or its related parties for non-operating purposes

Applicable Not applicable

No such cases in the Reporting Period.

Section IV Financial Statements

I Financial statements

1. Consolidated balance sheet

Prepared by Hubei Sanonda Co., Ltd.

30 September 2018

Unit: RMB'000

Item	September 30, 2018	January 1, 2018	December 31, 2017
Current assets:			
Cash at bank and on hand	6,415,839	7,868,858	7,868,858
Financial assets held for trading	47,528	23,000	23,000
Derivative financial assets	677,223	455,153	455,153
Notes and accounts receivable	6,455,077	5,115,838	5,236,880
Including: Notes receivable	38,572	29,927	180,030
Accounts receivable	6,416,505	5,085,911	5,056,850
Prepayments	219,279	202,111	202,111
Other receivables	929,709	1,029,557	1,037,836
Inventories	8,918,250	7,488,238	7,488,238
Assets held for sale	-	403,297	403,297
Non-current assets due within one year	48	46	46
Other current assets	533,834	765,028	614,925
Total current assets	24,196,787	23,351,126	23,330,344
Non-current assets:			
Available for sale financial assets	N/A	N/A	19,544
Long-term accounts receivable	134,984	192,968	192,968
Long-term equity investments	125,573	102,383	102,383
Other equity investments	91,572	91,090	N/A
Investment property	4,173	4,408	4,408
Fixed assets	6,803,806	6,141,490	6,141,490
Construction in progress	433,350	803,421	803,421
Intangible assets	5,900,418	4,036,588	4,036,588
Goodwill	4,095,490	3,890,097	3,890,097
Deferred tax assets	672,921	870,518	891,012
Other non-current assets	169,146	201,667	201,667
Total non-current assets	18,431,433	16,334,630	16,283,578
Total assets	42,628,220	39,685,756	39,613,922

Unit: RMB'000

Item	September 30, 2018	January 1, 2018	December 31, 2017
Current liabilities:			
Short-term loans	452,729	2,280,912	2,280,912
Derivative financial liabilities	1,045,164	789,050	789,050
Notes and accounts payable	4,194,748	4,218,038	4,218,038
Advances from customers	140,211	226,711	226,711
Employee benefits payable	865,466	995,637	995,637
Taxes payable	630,084	431,275	431,275
Other payables	2,201,178	1,422,734	1,422,734
Non-current liabilities due within one year	483,646	448,504	448,504
Other current liabilities	561,007	482,583	482,583
Total current liabilities	10,574,233	11,295,444	11,295,444
Non-current liabilities:			
Long-term loans	304,549	514,320	514,320
Debentures payable	7,914,671	7,777,410	7,777,410
Long-term accounts payable	24,297	24,203	24,203
Long-term employee benefits payables	636,748	610,714	610,714
Provisions	102,337	163,913	163,913
Deferred income	34,485	-	-
Deferred tax liabilities	431,346	224,613	224,613
Other non-current liabilities	182,392	225,292	225,292
Total non-current liabilities	9,630,825	9,540,465	9,540,465
Total liabilities	20,205,058	20,835,909	20,835,909
Owners' equity:			
Share capital	2,446,554	2,446,554	2,446,554
Capital reserves	12,972,906	12,982,277	12,982,277
Other comprehensive income	1,108,221	(104,080)	(154,701)
Special reserves	16,255	9,349	9,349
Surplus reserves	207,823	207,823	207,823
Retained earnings	5,671,403	3,307,924	3,286,711
Total owners' equity	22,423,162	18,849,847	18,778,013
Total liabilities and owners' equity	42,628,220	39,685,756	39,613,922

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	September 30, 2018	January 1, 2018	December 31, 2017
Current Assets:		01.01.2018	31.12.17
Cash at bank and on hand	1,978,000	1,868,603	1,868,603
Notes and accounts receivable	846,085	850,034	1,001,641
Including: Notes receivable	-	-	146,525
Accounts receivable	846,085	850,034	855,116
Prepayments	45,492	24,019	24,019
Other receivables	3,546	1,140	1,140
Inventories	147,933	177,402	177,402
Other current assets	23,651	147,931	1,406
Total current assets	3,044,707	3,069,129	3,074,211
Non-current assets:			
Available for sale financial assets	N/A	N/A	8,573
Long-term equity investments	15,939,826	15,939,826	15,939,826
Other equity investments	80,119	80,119	N/A
Investment property	4,173	4,408	4,408
Fixed assets	1,167,567	1,262,330	1,262,330
Construction in progress	163,094	81,993	81,993
Intangible assets	205,108	183,920	183,920
Deferred tax assets	19,452	26,892	35,064
Other non-current assets	11,000	11,000	11,000
Total non-current assets	17,590,339	17,590,488	17,527,114
Total assets	20,635,046	20,659,617	20,601,325
Current liabilities:			
Short-term loans	20,000	70,000	70,000
Notes and accounts payable	363,444	257,615	257,615
Advances from customers	16,195	63,904	63,904
Employee benefits payable	33,298	30,491	30,491
Taxes payable	85,677	19,301	19,301
Other payables	137,800	482,858	482,858
Non-current liabilities due within one year	152,000	126,590	126,590
Total current liabilities	808,414	1,050,759	1,050,759
Non-current liabilities:			
Long-term loans	-	72,000	72,000
Long-term employee benefits payables	89,869	93,025	93,025
Provisions	16,258	15,671	15,671
Other non-current liabilities	171,770	171,770	171,770
Total non-current liabilities	277,897	352,466	352,466
Total liabilities	1,086,311	1,403,225	1,403,225
Owners' equity:			
Share capital	2,446,554	2,446,554	2,446,554
Capital reserves	15,413,663	15,423,034	15,423,034
Other comprehensive income	50,162	50,621	-
Special reserves	14,993	10,040	10,040
Surplus reserves	207,823	207,823	207,823
Retained earnings	1,415,540	1,118,320	1,110,649
Total owners' equity	19,548,735	19,256,392	19,198,100
Total liabilities and owners' equity	20,635,046	20,659,617	20,601,325

3. Consolidated income statement for the Reporting Period

Unit: RMB'000

Item	July-September 2018	July-September 2017
1. Total operating income	5,928,627	5,624,175
Including: Operating income	5,928,627	5,624,175
2. Total operating cost	5,791,546	4,936,710
Including: Cost of sales	4,019,117	3,627,507
Taxes and surcharges	12,297	16,148
Selling and Distribution expenses	1,127,606	1,011,162
General and Administrative expenses	188,175	269,140
Research and Development expenses	106,304	64,745
Financial expenses:	310,703	(67,847)
Including: Interest expense	146,541	158,312
Interest income	18,184	38,127
Asset impairment loss	19,345	15,855
Credit impairment loss	7,999	N/A
Add: Other income	-	-
Investment income (loss), net	208,759	(241,361)
Including: Income (loss) from investment in associates and joint ventures	992	2,820
Gain (loss) from changes in fair value	(101,297)	(52,048)
Gain (loss) from disposal of assets	(929)	(1,996)
3. Operating profit	243,614	392,060
Add: Non-operating income	1,404	12,414
Less: Non-operating expense	5,302	4,853
4. Total profit	239,716	399,621
Less: income tax expenses	60,055	117,101
5. Net profit	179,661	282,520
5.1 Classified by nature of operations		
5.1.1 Continuing operations	179,661	282,520
5.1.2 Discontinued operations	-	-
5.2 Classified by ownership		
5.2.1 Shareholders of the Company	179,661	282,520
5.2.2 Non-controlling interests	-	-
6. Other comprehensive income net of tax	706,883	(393,748)
Other comprehensive income net of tax attributable to shareholders of the Company	706,883	(393,748)
6.1 Items that will not be reclassified into profit/loss	(1,346)	(4,207)
6.1.1 Re-measurement of defined benefit plan liability	(1,346)	(4,207)
6.2 Items that were or will be reclassified to profit or loss	708,229	(389,541)
6.2.1 Effective portion of gains or loss of cash flow hedge	7,609	(96,034)
6.2.2 Translation differences of foreign financial statements	700,620	(293,507)
7. Total comprehensive income for the period	886,544	(111,228)
7.1 Attributable to shareholders of the Company	886,544	(111,228)
8. Earnings per share		
8.1 Basic earnings per share (RMB/ share)	0.0734	0.1206
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 for the Reporting Period

Unit: RMB'000

Item	July-September 2018	July-September 2017
1. Operating income	760,590	688,042
Less: Operating costs	468,749	509,865
Taxes and surcharges	2,323	7,969
Selling and Distribution expenses	30,248	22,085
General and Administrative expenses	43,487	26,300
Research and Development expenses	23,433	1,003
Financial expenses	(23,294)	10,154
Including: Interest expense	2,032	4,049
Interest income	6,061	143
Asset Impairment loss	401	(987)
Credit impairment loss	1,781	N/A
Add: Other income	-	-
Investment income (loss), net	-	548
Gain (loss) from disposal of assets	-	410
2. Operating profit	213,462	112,611
Add: Non-operating income	-	815
Less: Non-operating expenses	844	1,619
3. Total profit	212,618	111,807
Less: Income tax expense	43,648	27,921
4. Net profit	168,970	83,886
4.1 Net profit from continuing operations	168,970	83,886
4.2 Net profit from discontinued operations	-	-
5. Other comprehensive income net of tax	(68)	-
5.1 Items that will not be reclassified into profit/loss	(68)	-
5.1.1 Re-measurement of defined benefit plan liability	(68)	-
5.2 Items that were or will be reclassified to profit or loss	-	-
6. Total comprehensive income	168,902	83,886

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

Unit: RMB'000

Item	January-September 2018	January-September 2017
1. Total operating income	18,954,885	18,394,239
Including: Operating income	18,954,885	18,394,239
2. Total operating cost	17,649,498	16,799,093
Including: Cost of sales	12,590,534	11,807,201
Taxes and surcharges	63,870	48,661
Selling and Distribution expenses	3,351,540	3,134,052
General and Administrative expenses	669,029	705,420
Research and Development expenses	262,581	196,579
Financial expenses:	640,721	844,069
Including: Interest expense	412,488	487,987
Interest income	59,403	167,714
Asset impairment loss	57,127	63,111
Credit impairment loss	14,096	N/A
Add: Other income		
Investment income (loss), net	355,813	28,088
Including: Income (loss) from investment in associates and joint ventures	13,750	4,906
Gain (loss) from changes in fair value	(344,673)	170,228
Gain (loss) from disposal of assets	1,996,242	55,761
3. Operating profit	3,312,769	1,849,223
Add: Non-operating income	30,407	22,763
Less: Non-operating expense	13,415	13,114
4. Total profit	3,329,761	1,858,872
Less: income tax expenses	787,319	259,358
5. Net profit	2,542,442	1,599,514
5.1 Classified by nature of operations		
5.1.1 Continuing operations	2,542,442	1,599,514
5.1.2 Discontinued operations	-	-
5.2 Classified by ownership		
5.2.1 Shareholders of the Company	2,542,442	1,599,514
5.2.2 Non-controlling interests	-	-
6. Other comprehensive income net of tax	1,212,301	(979,765)
Other comprehensive income net of tax attributable to shareholders of the Company	1,212,301	(979,765)
6.1 Items that will not be reclassified into profit/loss	9,760	(10,663)
6.1.1 Re-measurement of defined benefit plan liability	9,760	(10,663)
6.2 Items that were or will be reclassified to profit or loss	1,202,541	(969,102)
6.2.1 Effective portion of gains or loss of cash flow hedge	301,082	(449,236)
6.2.2 Translation differences of foreign financial statements	901,459	(519,866)
7. Total comprehensive income for the period	3,754,743	619,749
Attributable to shareholders of the Company	3,754,743	619,749
8. Earnings per share		
8.1 Basic earnings per share (RMB/ share)	1.0392	0.6830
8.2 Diluted earnings per share (RMB/ share)	N/A	N/A

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

Unit: RMB'000

Item	January-September 2018	January-September 2017
1. Operating income	2,427,162	2,130,107
Less: Cost of sale	1,638,505	1,626,813
Taxes and surcharges	23,534	16,535
Selling and Distribution expenses	99,782	68,335
General and Administrative expenses	129,163	76,565
Research and Development expenses	25,863	5,208
Financial expenses:	(43,731)	22,346
Including: Interest expense	6,950	12,327
Interest income	19,096	687
Asset Impairment loss	1,306	7,065
Credit impairment loss	4,854	N/A
Add: Other income	-	-
Investment income (loss), net	-	548
Gain (loss) from changes in fair value	-	(206)
Gain (loss) from disposal of assets	-	-
2. Operating profit	547,886	307,582
Add: Non-operating income	428	4,087
Less: Non-operating expense	420	2,286
3. Total profit	547,894	309,383
Less: Income tax expense	96,542	77,684
4. Net profit	451,352	231,699
4.1 Net profit from continuing operations	451,352	231,699
4.2 Net profit from discontinued operations	-	-
5. Other comprehensive income net of tax	(459)	-
5.1 Items that will not be reclassified into profit/loss	(459)	-
5.1.1 Re-measurement of defined benefit plan liability	(459)	-
5.2 Items that were or will be reclassified to profit or loss	-	-
6. Total comprehensive income	450,893	231,699

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

Unit: RMB'000

Item	January-September 2018	January-September 2017
1. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	17,806,561	17,306,144
Refund of taxes and surcharges	33,600	35,662
Cash received relating to other operating activities	556,751	838,300
Sub-total of cash inflows from operating activities	18,396,912	18,180,106
Cash paid for goods and services	12,154,122	10,884,588
Cash paid to and on behalf of employees	2,387,942	2,318,685
Payments of taxes and surcharges	356,287	293,826
Cash paid relating to other operating activities	2,044,004	2,161,467
Sub-total of cash outflows from operating activities	16,942,355	15,658,566
Net cash flows from operating activities	1,454,557	2,521,540
2. Cash flows from investing activities:		
Cash received from disposal of investments	9,792	20,544
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	2,413,446	95,750
Net cash received from disposal of subsidiaries or other business units	-	100,139
Cash received from other investing activities	57	29,253
Sub-total of cash inflows from investing activities	2,423,295	245,686
Cash paid to acquire fixed assets, intangible assets and other long-term assets	2,966,066	1,061,206
Cash paid for acquisition of investments	6,566	-
Net cash received from acquisition of subsidiaries and other operating units	13,213	-
Cash paid for other investing activities	14	31,958
Sub-total of cash outflows from investing activities	2,985,859	1,093,164
Net cash flows from investing activities	(562,564)	(847,478)
3. Cash flows from financing activities:		
Cash received from borrowings	84,953	181,108
Cash received relating to other financing activities	-	7,800
Sub-total of cash inflows from financing activities	84,953	188,908
Cash repayment of borrowings	2,116,235	675,900
Cash payment for dividends, profit distributions or interest	464,425	384,802
Including: dividends or profit paid by subsidiaries to minority interests	24,830	32,556
Cash paid relating to other financing activities	61,526	110,820
Sub-total of cash outflows from financing activities	2,642,186	1,171,522
Net cash flows from financing activities	(2,557,233)	(982,614)
4. Effect of foreign exchange rate changes on cash and cash equivalents	172,121	(188,686)
5. Net increase (decrease) in cash and cash equivalents	(1,493,119)	502,762
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	6,371,139	4,336,509

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

Unit: RMB'000

Item	January-September 2018	January-September 2017
1. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	2,006,704	984,714
Refund of taxes and surcharges	12,981	2,884
Cash received relating to other operating activities	24,141	4,649
Sub-total of cash inflows from operating activities	2,043,826	992,247
Cash paid for goods and services	844,221	643,788
Cash paid to and on behalf of employees	134,483	135,282
Payments of taxes and surcharges	75,128	85,185
Cash paid relating to other operating activities	126,968	108,998
Sub-total of cash outflows from operating activities	1,180,800	973,253
Net cash flows from operating activities	863,026	18,994
2. Cash flows from investing activities:		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	-	701
Sub-total of cash inflows from investing activities	-	701
Cash paid to acquire fixed assets, intangible assets and other long-term assets	72,571	83,573
Sub-total of cash outflows from investing activities	72,571	83,573
Net cash flows from investing activities	(72,571)	(82,872)
3. Cash flows from financing activities:		
Cash received from borrowings	20,000	75,000
Cash received relating to other financing activities	-	7,800
Sub-total of cash inflows from financing activities	20,000	82,800
Cash repayment of borrowings	116,590	52,500
Cash payment for dividends, profit distributions or interest	161,188	12,530
Cash paid relating to other financing activities	454,551	110,820
Sub-total of cash outflows from financing activities	732,329	175,850
Net cash flows from financing activities	(712,329)	(93,050)
4. Effect of foreign exchange rate changes on cash and cash equivalents	(8,829)	44
5. Net increase (decrease) in cash and cash equivalents	69,297	(156,884)
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	1,933,300	92,857

II Auditor's report

Is this Report audited?

 Yes No

This Report is unaudited.

Hubei Sanonda Co., Ltd.

30 October 2018