Stock Code: 000553(200553) Stock Abbreviation: Sanonda A(B)

Announcement No. 2018-42

Hubei Sanonda Co., Ltd.
Special Report on the Deposit and Actual Usage of the Raised Funds in the First Half-Year of 2018

The Company and all members of its Board of Directors confirm that all the information disclosed herein is true, accurate, and complete with no false or misleading statement or material omission.

Hubei Sanonda Co., Ltd. (the "Company") prepared the Special Report on 2018 Half-Year Deposit and Actual Use of Funds Raised from Non-Public Offerings in accordance with *'Regulatory Guidelines for Listed Companies No.2-Regulatory Requirements for the Management and Use of Funds Raised by Listed Companies'* of China Securities Regulatory Commission (CSRC Notice [2012] No.44), *'Guidelines for the Standard Operation of the Companies Listed in Shenzhen Stock Exchange'* (2015 Amendment) issued by Shenzhen Stock Exchange as follows:

I. General Information About the Raised Funds

1. Amount and the Time of Receiving the Raised Funds

After receiving the approval of China Securities Regulatory Commission for the issuance of shares to China National Agrochemical Co., Ltd. to acquire assets and raise supporting funds (CSRC Permits [2017] No.1096), the Company issued 104,697,982 ordinary A shares in December 2017, at the issue price of RMB14.9 per share, raising a total amount of RMB1,559,999,931.80. After deducting the underwriting fees of RMB28, 079,998.78, the net amount received by the Company was RMB1, 531,919,933.02. The net amount was received on 27 December 2017 and was verified by Deloitte Touche Tohmatsu

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Certified Public Accountant LLP which issued a capital verification report (De Shi Bao (Yan) Zi (17) No.00540).

2. The Used Amount of the Raised Funds in the Previous Year

As at 31 December 2017, the Company had used RMB28,080,358.78 of the raised funds in that year, and the balance that had not yet been used was RMB1, 531,919,573.02.

3. The Used Amount of the Raised Funds in the First Half-Year of 2018 and the Current Balance

In the first half year of 2018, the Company used RMB 276.53 million to replace the capital previously invested in the designated projects, and RMB 12.68 million related to the stamp duty and audit fee on the above replacement. As at June 30, 2018, the balance of the raised funds was RMB11,201,765.4 including net interest (after deducting the relevant bank charges) of RMB 1,253,909,049.8.

II. **Deposit and Management of the Raised Funds**

In order to standardize the management and the usage of the raised funds, and to protect the rights of investors, based on the actual requirements, the Company made the Raised Funds Management Policy in accordance with the laws, regulations, and regulatory documents such as *Management Measures for Initial Public Offering of Shares and Listing*, *Notice on Further Standardize the Use of Raised Funds for Listing Companies*, and *Listing Rules of Shenzhen Stock Exchange* etc. The Raised Funds Management Policy specifies the deposit, usage, change of the designated projects, management and supervision of the raised funds.

The Company has signedthe*Trilateral Supervision Agreement for Special Account Deposit* with GuotaiJun'an and Jinzhou Sanwan Branch of China Construction Bank Co., Ltd.on January 22, 2018, and the *Four-party Supervision Agreement for New Fund-*

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raising Account with GuotaiJun'an Securities Co., Ltd, Shanghai Branch of HSBC Bank (China), ADAMA AGAN LTD, and ADAMA MAKHTESHIM LTD on June 25th,2018. During the reporting period, the parties strictly performed their obligations under the above supervision agreements.

The details of the opening of the special accounts and deposit of the raised funds are as follows:

Unit: Yuan

Bank	**Account No.**	**Balance of the account as at June 30, 2018**
Jingzhou Sanwan Branch of China Construction Bank	42050162610109000999	1,253,909,049.80
Shanghai Branch of HSBC	715-039582-001	0
Shanghai Branch of HSBC	715-039574-001	0

III. Actual Usage of the Raised Funds in the First Half-Year of 2018

For details of the actual use of the raised funds in the first half-year of 2018, please see the appendix *Comparison Table for the Use of Raised Funds*.

IV. The Usage of the Raised Funds on the Changed Designated Projects

The Company did not change any designated projects as at June 30, 2018.

V. Problems in the Usage and Disclosure of the Raised Funds

The Company has timely, truly, accurately and completely disclosed relevant information on the raised funds. There is no situation where the management of the raised funds

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violates the regulations of China Securities Regulatory Commission or Shenzhen Stock Exchange.

Board of Directors of Hubei Sanonda Co., Ltd.

August 27, 2018

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Appendix 1: Comparison Table for the Use of Raised Funds

Comparison Table for the Use of Raised Funds

Unit: RMB

Total amount of raised funds	1,531,919,933.02	Total investment of raised funds for the reporting period	28,921
Total amount of raised funds with change of purpose during the reporting period	——	Accumulated investment amount of raised funds	31,729.04
Accumulated amount of raised funds with change of purpose	——		
Percentage of accumulated amount of raised funds with change of purpose	——		

Committed fund-raising investment projects	Whether the project has been changed, including part change (if any)	Total committed investment amount	Total investment amount after adjustment (1)	Investment amount for the reporting period	Accumulated investment amount as at the end of the reporting period (2)	Investment progress as at the end of period (%) (3)=(2)/(1)	Date of projects reaching intended useable condition	Realized benefits of the reporting period	Whether the expected benefits are achieved	Whether the feasibility of the project has changed significantly
Huaian pesticide preparation center project	No	24,980	24,980	0	0	0%	2019	It will be clear after the completion of the project	N/A	No
Product development and registration project	No	93,507	93,507	13,103	13,103	14%	2019	It will be clear after the completion of the project	N/A	No
ADAMA fixed asset investment project	No	66,204	66,204	5,913	5,913	9%	2019	It will be clear after the completion of the project	N/A	No
Payment for transaction cost, taxes and fees	No	13,600	13,600	9,905	12,713.04	93.48%	——	——	N/A	No
Subtotal of non-public offering investment project	——	198,291 (Note)	198,291 (Note)	28,921	31,729.04	16%	——	——	——	——
Investment Areas of the Over Raised Funds					N/A					
Aggregated amount	——	198,291	198,291	28,921	31,729.04	16%	——	——	——	——
Situations failing to meet the planned schedule or achieve expected benefits and the reasons (according to the specific investment project)					N/A					

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Explanation of projects whose feasibility changed significantly	N/A
Amounts, usage and progress of the excess-raised funds	N/A
Changes of location of investment programs	
Changes of implementation of the investment programs	
Internal funds previously invested and replacement from the funds raised	The 5th meeting of the 8th session of the Board of Directors of the Company on June 25, 2018 approved the Proposal on Utilization of Part of the Funds Raised in December 2017 for Replacing the Capital Previously Invested in the Designated Projects Included in the 2017 Major Assets Restructuring to allow the Company to utilize RMB276,530,000 of the Raised Funds to replace capital previously invested in the Designated Projects. The Company has completed the replacement by June 30, 2018.
Use of idle funds to temporarily supplement working funds	N/A
Balance amount of raised funds after the completion of the designated funds and the reasons	N/A
Purpose and hereabouts of unused funds	The unused funds are deposited in the special account and is going to be continuously used on the designated projects.
Other issues in the usage and disclosure of the raised funds	N/A

Note : The Company intends to raise funds of no more than 198,291 RMB'0000 in the supporting finance program, while the actual funds raised was 155,999,99 RMB'0000 on December 27, 2017.

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