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

Announcement No. 2017

Hubei Sanonda Co., Ltd.

Announcement Regarding Implementation of Material Asset Reorganization

The Company and all Directors represent that the content of the disclosed information is true, accurate and complete and without any false records, misleading statements or material omissions.

On July 3, 2017, Hubei Sanonda Co., Ltd. (the "Company", the "Listed Company" or "Sanonda") received the Approval on Issuing Shares by Hubei Sanonda Co., Ltd. to China National Agrochemical Corporation for Acquiring Assets and Raising Supporting Funds (CSRC license No. [2017]1096).

After the CSRC approved the Material Asset Reorganization, the Board of Directors of the Company has been actively implementing the work of reorganization in accordance with relevant agreements and plans, the authorization of the Shareholders' Meeting and relevant laws and regulations and approval documents. In accordance with Measures for the Administration of Material Asset Reorganization of Listed Companies, the current progress of the Material Asset Reorganization is hereby stated as follows:

I. Work Already Completed

1. Transfer of Asset and Transfer of the Title

In accordance with the Register of Shareholders provided by the Target Company, ADAMA Agricultural Solutions Limited ("Adama") and the Legal Opinion issued by Herzog Fox & Ne'eman on July 5, 2017, China National Agrochemical Corporation ("CNAC") transferred title of 100% of shares of Adama to the Company on July 4, 2017, Israel time, and Sanonda obtained share certificate of 100% of shares of Adama. The title of 100% of shares of Adama held by CNAC has been transferred to Sanonda, and Sanonda holds title of 100% of shares of Adama.

2. Capital verification for the issuance of shares for acquiring assets

On July 6, 2017, Deloitte Touche Tohmatsu issued the Capital Verification Report concerning the increase of registered capital by issuance of shares for acquiring assets (De Shi Bao (Yan) Zi (17) No. 00306). According to the Capital Verification Report, as of July 6, 2017, the registered capital of Sanonda increased by RMB 1,810,883,039.00, and it has acquired 100% of shares of Adama.

The registered capital of Sanonda is RMB 2,404,806,259.00 after this issuance.

3. The Registration and Listing of Shares Issued for Acquiring Assets

According to Guidance to Registration of Non-public Offering of New Shares of the Listed Company of Shenzhen Branch of China Securities Depository and Clearing Corporation Limited (2017 edition), the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited accepted the registration application of the non-public issuance of shares to CNAC on July 11, 2017, and issued an Acceptance Confirmation Letter on Share Registration Application. Sanonda has completed the registration of the additional 1,810,883,039 shares issued for acquiring the assets.

The listing of 1,810,883,039 shares non-publicly issued to CNAC for acquiring the assets has been approved by Shenzhen Securities Exchange ("SZSE"). The increased shares issued to CNAC for acquiring the assets have been listed on SZSE on August 2, 2017.

4. Change of Profit/Loss (P/L) and Net Assets During the Transition Period

The audit base date for the Material Asset Reorganization is June 30, 2016, and the closing date of the acquisition of 100% of shares by the Company is July 4, 2017. When calculating change of relevant P/L or net assets during the transition period, the transition period for closing of asset transfer shall be from the audit base date of this transaction (i.e. July 1, 2016, the day is not included) to closing audit base date (i.e. June 30, 2016, the last day of the prior month of the closing date) ("Transition Period").

The Company engaged KPMG Huazhen to conduct audit to the change of P/L and net assets during the transition period. KPMG Huazhen issued an Audit Report (Bi Ma Wei Hua Zhen Shen Zi No. 1702936). In accordance with the audit result, the net profit of target asset attributable to the parent company shareholder is RMB 1,326,754,632.64, and the total increase of equity attributable to the parent company shareholder is RMB 1,018,769,622.42. In accordance with Agreement on Issuance of Shares for Acquiring Assets, the increase of the profits and other net assets of target asset during the transition period shall be attributable to the Company.

5. Progress of Directional Repurchase and Cancellation of B Shares

On September 13, 2016, the Company held the 15th meeting of the 7th Board of Directors and approved the Plan on Directional Repurchase and Cancellation of B Shares Held by Adama Celsius B.V ("Celsius"), following which the Company signed the Share Repurchase Agreement with Celsius on the same day.

On March 27, 2017, the Company held the first interim shareholders' meeting and approved the abovementioned Plan on Directional Repurchase and Cancellation of B Shares.

On March 29, 2017, Sanonda published an Announcement of Notice to Creditor Regarding Directional Repurchase of B Shares on the China Securities Journal, Securities Times, Ta Kung Pao and CnInfo Information Website in the form of an announcement.

On July 31, 2017, the Company opened repurchase special securities account at the Shenzhen Branch of China Securities Depository and Clearing Co., Ltd.

In accordance with the Share Repurchase Agreement executed on September 13, 2016, within 5 business days from Sanonda's payment of the transfer price, the parties shall submit application for the transfer of the repurchased shares. Thereafter, the Company and Celsius executed an Amendment to the Share Repurchase Agreement (the "Amendment") on October 24, 2017, which took effect on the same day of execution. In accordance with the Amendment, the Parties shall submit an application for transferring the title of the repurchased shares within 5 days after the Amendment took effect.

The main terms of the Amendment:

(1) the Parties shall submit an application for transfer of the repurchased shares within 5 business days after the Amendment took effect;
(2) the Purchase Price shall be paid in full no later than the earliest of (i) the seventh (7th) day following the consummation date of the capital raise contemplated by the Company, or (ii) a hundred and twenty (120) days following the effective date of the Amendment;
(3) the Company shall pay the Purchase Price to a designated account, either in HK$ or in RMB according to Celsius' discretion; and
(4) if the Company fails to pay the Purchase Price within the prescribed time period, the unpaid Purchase Price shall bear interest at a common rate as should be agreed by both Parties, and Celsius shall be entitled to offset any amount owed by the Company from any future dividends to be paid to the Company from Celsius' parent company, Adama.

On November 10, 2017, Deloitte Touche Tohmatsu issued the Capital Verification Report concerning the Change of Registered Capital in Connection with the Directional Repurchase and Cancellation of B Shares (De Shi Bao (Yan) Zi (17) No. 00388).

The 62,950,659 shares held by Celsius were transferred to repurchase special securities account on November 23, 2017 and cancellation procedures were completed on November 24, 2017.

After the consummation of the repurchase and cancellation of shares, the total capital stock of the Company changed from 2,404,806,259 shares to 2,341,855,600 shares.

II. The Upcoming Necessary Procedures

According to the Reorganization Plan, the Agreement of Issuing Shares to Acquire Assets and its Amendment, the Share Repurchase Agreement and its Amendment, the Performance Compensation Agreement and its Amendment, and the approval of the CSRC, the following matters of this Reorganization are required to be implemented within the validity period stipulated by the CSRC's approval document:

2.1 Sanonda shall process the formalities regarding matters of change of registered capital, amendment of the Articles of Association and the like at Commercial Bureau and

Administration for Industry and Commerce according to the Agreement of Issuing Shares to Acquire Assets and its Amendment, the Share Repurchase Agreement and its Amendment;

2.2 Sanonda and relevant parties shall continue to execute relevant agreements regarding this Reorganization including the Agreement of Issuing Shares to Acquire Assets and its Amendment, the Performance Compensation Agreement and its Amendment; the relevant parties that made commitment of this Reorganization shall continue to fulfil the commitments that have not been fulfilled;

2.3 Sanonda shall raise supporting funds not more than RMB 1,982,910,000 by non-public offering of shares within the validity period approved by the CSRC, and the Company will announce the progress of the implementation in a timely manner according to the relevant regulations.

Contact persons and contact details relevant to the non-public offering of shares are as follows:

1. Issuer: Hubei Sanonda Co., Ltd.

Contact Person:	Guo Zhi
Tel:	010-85317697
Fax:	010-85315280
Address:	1602, D1, Liang Ma Qiao DRC Office Building, Chaoyang District, Beijing

2. Independent Financial Advisor (Co-lead Underwriter): Guotai Junan Securities Co., Ltd.

Contact Person:	Department of Capital Market
Tel:	021-38676888

3. Co-Lead Underwriter: Goldman Sachs Gao Hua Securities Co., Ltd.

Contact Person:	Department of Capital Market
Tel:	010-66273542

It is hereby announced.

Board of Directors of Hubei Sanonda Co., Ltd.
November 29, 2017.