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Hubei Sanonda Co., Ltd.

Announcement on Expected Related-Party Transactions in the Ordinary Course of Business in 2018

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

I. Basic Information on Related Party Transactions in the ordinary course of business

(I) Overview of related-party transactions in the ordinary course of business

The Company expects that in 2018 it and/or its subsidiaries (together the "Group Companies") will purchase raw materials/products, receive certain services and be entrusted to sell products, in a total amount that will not exceed RMB 1,371 million, from subsidiaries controlled by China National Chemical Corporation ("ChemChina"); and that the Group Companies will sell products and provide services, in a total amount that will not exceed RMB 475 million, to subsidiaries controlled by ChemChina. Such transactions hereinafter referred as the "related-party transactions".

These estimations were performed based on the current available data and may change, inter alia, as a result of changes to the Group Companies` business and/or due to market conditions as well as due to further cooperation to be negotiated between the Group Companies and Syngenta.

The related-party transactions matter has been reviewed and approved at the 4th Meeting of the 8th session of the Board of Directors of the Company. Among the six directors of the Company, there were three affirmative votes, zero negative votes and zero abstentions, while the three related-party directors (Mr. Yang Xingqiang, Mr. Ren Jianxin and Mr. An Liru) refrained from voting.

The related-party transactions matter shall be further approved by the Shareholders Meeting. China National Agrochemical Co., Ltd., and Jingzhou Sanonda Holdings Co., Ltd. will refrain from voting.

In 2017, the Company's related-party transactions performed in the ordinary course of business which were expected to total RMB 260 million actually were a total annual of RMB 604 million. Please note the following: (1) Considering that on July 4, 2017, the Company consummated the combination with Adama Agricultural Solutions Ltd., the actually incurred related-party transactions amount related to Solutions is in the period ending June 30, 2017, and the actually incurred related-party transactions amount related to Syngenta AG is in the period beginning from July 1, 2017. The investors can refer to page 219 of the 2017 Annual Report of the Company for further information regarding the related party transactions; (2) The actual amount of the related-party transactions exceeded the 2017 estimation due to the Major Assets Restructuring Project that was completed in 2017 (hereinafter referred to as "MAR") which caused the change of the scope of the related-parties and the scope of the

consolidation between them.

(II) The types and amounts of expected related-party transactions in the ordinary course of business

RMB10,000

Type of related-party transaction	Related party	Content of related-party transaction	The pricing principle of related-party transaction	Contract amount or estimated amount not to exceed	Amount already incurred as of the disclosure date	Amount incurred in the previous year
Purchasing raw materials and products from related parties	Jiangsu Anpon Electrochemical Co., Ltd.	Purchase of raw materials/products	Market price	31,660	12,175	7,960
	Jiangsu Anpon Electrochemical Co., Ltd.	Purchasing designated products manufactured only for the Company Group	Market price	6,500	0	0
	Syngenta AG and its subsidiaries	Purchase of raw materials/products	Market price	95,000	48,400	23,000
	Beijing Grand AgroChem Co., Ltd.	Purchase of raw materials	Market price	2,250	518	945
	Sub-total	-	-	135,410	61,093	31,905
Selling raw materials and products to related parties	Syngenta AG and its subsidiaries	Selling products	Market price	46,000	9,800	7,000
	Sub-total	-	-	46,000	9,800	7,000
Receiving services from related parties	China National Chemical Information Center	Value-added OA services	Market price	40	9	22
	Sub-total	-	-	40	9	22
Providing services to related parties	Jiangsu Anpon Electrochemical Co., Ltd.	Consultancy and management services	Market price	1,500	185	400
	Sub-total	-	-	1,500	185	400
Accepting the entrustment of the related party to sell its products	Jiangsu Anpon Electrochemical Co., Ltd.	Agency fee	Market price	925	367	415
	Research Institute of Chemical Industry	Agency fee	Market price	150	47	34
	Anhui Kelihua Chemical Co., Ltd.	Agency fee	Market price	600	190	136
	Sub-total	-	-	1,675	604	585

(III) Actual related-party transactions in the ordinary course of business performed in the previous year

RMB10,000

Type of related-party transaction	Related party	Content of related transaction	Actually incurred amount (Reflecting the Pro-forma combined scope following the inclusion of Adama Agricultural Solutions Ltd.)	Estimated amount	Difference proportion
Purchasing raw materials and products from related parties	Bluestar (Beijing) Chemical Machinery Co., Ltd.	Purchase of raw materials	346	450	23.11%
	Haohua Engineering Co., Ltd.	Purchase of engineering materials	20	50	60%
	Beijing Grand AgroChem Co., Ltd.	Purchase of raw materials	945	1,200	21.25%
	Jiangsu Anpon Electrochemical Co., Ltd.	Purchase of raw materials/products	7,960	-	-
	Syngenta AG and its subsidiaries	Purchase of raw materials/products	23,000	-	-
	Sub-total	-	32,271	1,700	
Selling products and goods to related parties	Jiangsu Anpon Electrochemical Co., Ltd.	Selling of Products	34	100	66%
	Adama Agricultural Solutions Ltd.	Selling of Products	19,616	23,200	15.45%
	Syngenta AG and its subsidiaries	Selling of Products	7,000	-	-
	Sub-total	-	26,650	23,300	14.38%
Receiving services from related party	Adama (Beijing) Agricultural Technology Co., Ltd.	Receiving services	456	1,000	54.4%
	China National Chemical Information Center	Receiving services	22	-	-
	China BlueStar Lehigh Engineering Corp	Receiving services	39	-	-
	Sub-total	-	517	1,000	48.3%
Providing services to related parties	Jiangsu Anpon Electrochemical Co., Ltd.	Consultancy and management services	400	-	-
	Sub-total	-	400	-	-
Accepting	Jiangsu Anpon	Agency sales	415	-	-

the entrustment of the related party to sell its products	Electrochemical Co., Ltd.				
	Research Institute of Chemical Industry	Agency sales	34	-	-
	Anhui Kelihua Chemical Co., Ltd.	Agency sales	136	-	-
	Sub-total	-	585	-	-
An explanation by the board of directors for the major difference between the actual occurred amount of daily related transactions and the estimated amount	In 2017, the Company acquired 100% of the equity of Adama Agricultural Solutions Ltd. from China National Agrochemical Co., Ltd., which caused the change of the scope of the related-parties and the scope of the consolidation between them. This resulted in the major difference between the actual amount of related-party transactions and the estimated amount of related-party transactions in 2017.				
An explanation by the independent directors for the major difference between the actual occurred amount of daily related transactions and the expected amount	The major difference between the actual amount of related-party transactions and the estimated amount of related-party transaction in 2017 is mainly due to the MAR project which caused the change of the scope of the related-parties and the scope of the consolidation between them. The difference does not impact the independence of the Company, and does not harm the interests of the Company and the medium and small shareholders.				

Notes: 1. Please refer to the announcement on April 6, 2017 for the 2017 expected related-party transactions of the Company.

2. Considering that on July 4, 2017, the Company consummated the combination with Adama Agricultural Solutions Ltd., the actually incurred related-party transactions amount related to Solutions is in the period ending June 30, 2017, and the actually incurred related-party transactions amount related to Syngenta AG is in the period beginning from July 1, 2017.

3. Considering that on July 4, 2017, the Company consummated the combination with

Adama Agricultural Solutions Ltd., it is difficult for the Company to provide an accurate proportion of actually incurred amount of related party transactions in the same type of business. However, since the Company is a global crop protection company, the amount of related party transactions executed by the Company is expected to be a relatively low proportion of the overall business of the Company, which shall not impact the independence of the Company.

II. Introduction to Related Parties and Their Relationships with the Company

1. Jiangsu Anpon Electrochemical Co., Ltd. (legal representative: An Liru; registered address: No. 30, Huagong Road, Huai'an City) has registered capital of RMB 51.38 million and mainly undertakes the businesses related to basic chemical engineering, pesticide products and thermoelectric steam. In 2017, it achieved operating revenue of RMB 1.643 billion and net profit of RMB 38.03 million, and as of 31 December 2017 had total assets of RMB 1.568 billion and net assets of RMB 420 million.

   Relationship with the Company: It is a legal person controlled by ChemChina, the actual control holder of the Company. According to the Article 10.1.3(2) of the *Rules of Shenzhen Stock Exchange for the Listing of Stocks*, it is a related party of the Company.

   Analysis of performance capability: To the best knowledge of the Company, Jiangsu Anpon Electrochemical Co., Ltd. produces and operates normally and is in good operational and financial conditions and thus has a good performance capability.

2. Beijing Grand AgroChem Co., Ltd. (legal representative: Yang Lin; registered address: No. 66, Anding Street North, Daxing District, Beijing) has registered capital of RMB 10.5 million and mainly undertakes the development, production and sales of new special pesticide adjuvants and the development and process study of environmentally-friendly pesticide preparations and provides relevant technical services and consultations for pesticide enterprises. In 2017, it achieved operating revenue of RMB 118.84 million and net profit of RMB 7.61 million, and as of 31 December 2017 had total assets of RMB 44.88 million and net assets of RMB 31.94 million.

   Relationship with the Company: It is a legal person controlled by ChemChina, the actual control holder of the Company. According to the Article 10.1.3(2) of the *Rules of Shenzhen Stock Exchange for the Listing of Stocks*, it is a related party of the Company.

   Analysis of contract performance capability: To the best knowledge of the Company, Beijing Grand AgroChem Co., Ltd. produces and operates normally and is in good operational and financial conditions and thus has a good contract performance capability.

3. China National Chemical Information Center (legal representative:Shui Min; registered address: No. 53 Anwai Xiaoguan Street, Chaoyang District, Beijing) has registered capital of RMB 150 million and mainly undertakes the businesses related to chemical information analysis and consultation, software development and network technologies and services. In 2017, it achieved operating revenue of RMB 205.273 million and net profit of RMB 20.8686 million, and as of 31 December 2017 had total assets of RMB 729.2475 million and net assets of RMB 635.1015 million.

   Relationship with the Company: It is a legal person controlled by ChemChina, the actual

control holder of the Company. According to the Article 10.1.3(2) of the Rules of Shenzhen Stock Exchange for the Listing of Stocks, it is a related party of the Company.

Analysis of contract performance capability: To the best knowledge of the Company, China National Chemical Information Center operates normally and is in good operational and financial conditions and thus has a good contract performance capability.

4. Anhui Kelihua Chemical Co., Ltd (legal representative: Huang Zhaoming; registered address: Jintaiwu Road, Economic and Technology Development Zone of Suzhou City, Anhui Province) has the registered capital of RMB 52 million and mainly undertakes the businesses related to production and distribution of crop protection products as well as of chemicals, not including hazardous chemicals. In 2017, it achieved operating revenue of RMB 107 million and net profit of RMB 10.91 million, and as of 31 December 2017 had total assets of RMB 268 million and net assets of RMB 133 million.

   Relationship with the Company: It is a legal person controlled by China National Chemical Corporation, the actual control holder of the Company. According to the Article 10.1.3(2) of the Rules of Shenzhen Stock Exchange for the Listing of Stocks, it is a related party of the Company.

   Analysis of contract performance capability: Anhui Kelihua Chemical Co., Ltd produces and operates normally and is in good operational and financial conditions and thus has a good contract performance capability.

5. Syngenta AG (legal representative: n/a; registered address: Schwarzwaldallee 215 4058 Basel) has the registered capital of RMB 41.33 million and mainly undertakes the businesses related to crop protection, seeds, horticulture and flowers. In 2017, it achieved operating revenue of RMB 85.4 billion and as of 31 December 2017 had total assets of RMB 132.9 billion and net assets of RMB 52.3 billion.

   Relationship with the Company: It is a legal person controlled by ChemChina, the actual control holder of the Company. According to the Article 10.1.3(2) of the Rules of Shenzhen Stock Exchange for the Listing of Stocks, it is a related party of the Company.

   Analysis of contract performance capability: Syngenta AG produces and operates normally and is in good operational and financial conditions and thus has a good contract performance capability.

6. Anhui Chemical Research Institute (legal representative: Huang Zhaoming; registered address: No.363, Fuyang North Road, Luyang District, Hefei City of Anhui Province) has the registered capital of RMB18.45 million and mainly undertakes the businesses related to production of agrochemicals and non-ag chemicals, chemical engineering and process design and engineering consultation. In 2017, it achieved operating revenue of RMB 30.84 million and net profits of RMB 9 million, and as of 31 December 2017 had total assets of RMB 103 million and net assets of RMB 40 million.

   Relationship with the Company: It is a legal person controlled by ChemChina, the actual control holder of the Company. According to the Article 10.1.3(2) of the Rules of Shenzhen Stock Exchange for the Listing of Stocks, it is a related party of the Company.

   Analysis of contract performance capability: Anhui Chemical Research Institute produces and operates normally and is in good operational and financial conditions and thus has a good contract performance capability.

III. Main Content of Related-Party Transactions

1. Main content

   (1) All related-party transactions between the Group Companies and the relevant related parties should be carried out according to the principles of voluntariness, equality, mutual benefit, justice and fairness and without prejudice to the interests of the Company.

   (2) If there is any available state fixed price, then the state fixed price shall prevail; if the state fixed price is inapplicable or not applicable any more, then the market price shall prevail; if the market price is inapplicable or not applicable any more, then both parties shall determine the exact and fair pricing standards they believe to be based on relevant data.

2. Signing of transaction agreement

   The Group Companies will conclude contracts with the relevant related parties according to their production and operation requirements and their usual business practices.

IV. Purpose of Related-Party Transaction and its Impact on the Company

These related-party transactions are necessary for the daily business operation of the Group Companies. They mainly aim to capitalize on the Group Companies' unique positioning and profile, achieve cost savings, increase the Company's sales and market share and to drive its profitable growth. Based on the understanding of the related-parties' business performance, credit status and performance capability, the Group Companies have selected them to conduct transactions in the ordinary course of business. The related-party transaction activities follow the principle of fairness and justice, they will not adversely affect the Company and its non-related party shareholders. The Board of Directors of the Company holds that the related-party transactions benefit the continuity and stability of the Company's business operations, and has a positive impact on the normal operations of the Company. Those transactions will not impact the independence of the Company.

V. Independent Directors' Opinions

The Company's independent directors have given separate opinions on the related party transactions matter: The Group's related-party transactions performed in the ordinary course of business are mainly to purchase or sell goods, materials and services from/to the related parties based on the principles of justice and fairness and the pricing standards consistent with those of non-related parties, in order to capitalize on the Group's unique positioning and profile, achieve cost savings, increase the Company's sales and market share and to drive its profitable growth. All such transactions shall conform to relevant national laws and regulations, as applicable, and market-oriented principles, and shall not influence the independence of the Company or damage the interests of the Group Companies and their other shareholders. The decision-making procedures for these related party transactions conform to the *Company Law of the People's Republic of China*, the *Rules of Shenzhen Stock Exchange for the Listing of Stocks*, the *Articles of Association* and other laws and regulations. We agree on this proposal and submit it to the General Meeting of Shareholders for deliberation.

VI. Opinion of Guotai Jun'an Securities Co., Ltd as the Financial Consultant

After verification, the independent financial consultant is of the opinion that the estimated related-party transactions in the ordinary course of business of Sanonda are necessary for the daily business operation of the Company. Pricing of these related-party transactions follows the market price. These transactions do not harm the interest of small and medium shareholders of the Company or affect independence of the Company. Aforementioned transaction matters have been approved at the 4th Meeting of the 8th session of the Board of Directors of the Company, on which occasion related directors withdrew from the voting, independent directors expressed affirmative opinions and necessary procedures were implemented. The related-party transaction matter is subject to approval of the General Meeting of Shareholders. CNAC and Jingzhou Sanonda Holding Co., Ltd as related shareholders will withdraw from the voting. Above deliberation procedures are in line with the Company Law, AoA of the Company and relevant rules. The independent financial consultant does not have objection to the matter of estimated related-party transactions for 2018 in the ordinary course of business of Sanonda.

VII. Documents for Future Reference

1. The resolution made at the 4th Meeting of the 8th session of the Board of Directors of the Company;

2. Independent directors' prior written approval;

3. Independent directors' opinions;

4. Opinion of Guotai Junan Securities Co., Ltd on the Expected Related Party Transactions in the Ordinary Course of Business in 2018 of the Company.

The Announcement is hereby given.

The Board of Directors of Hubei Sanonda Co., Ltd.

June 7, 2018