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

Announcement No. 2018-3

Hubei Sanonda Co., Ltd.

Announcement on Signing the Trilateral Supervision Agreement for Special Account Deposit

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.

I. Basic Introduction of the Raised Funds

Based on the *Reply of China Securities Regulatory Commission on Approving Sanonda's Proposal of Issuing Shares to China National Agrochemical Corporation to Purchase Assets and Raising Supporting Funds* (Z.J.X.K. [2017] No. 1096), Hubei Sanonda Co., Ltd. (hereinafter referred to as "Sanonda") has raised funds through private placement.

The issuance price was finally determined as RMB14.90 Yuan per share, with the issuing quantity of 104,697,982 shares and the total raised funds of RMB 1,559,999,931.80 Yuan. After the deduction of the underwriting fee of RMB 28,079,998.78 Yuan, Sanonda received RMB 1,531,919,933.02 Yuan. On December 27, 2017, Deloitte Touche Tohmatsu (Limited Liability Partnership) performed capital verification for this private placement, and issued the *Capital Verification Report* ((De Shi Bao (Yan) Zi (17) No. 00540).

II. The Opening of the Special Bank Account

In order to regulate the placement administration of Sanonda, and protect investors' interests, Sanonda has opened a special bank account according to the requirement of *CSRC NO.2 regulation Guidelines on ListCo's Raised Funds Utilization and Placement*, *Shenzhen Stock Exchange Guidelines on Normative Operation for Main Board Listed Company.* The information of the special account is as below.

Account Name	Bank Name	Account No.
Sanonda	Jinzhou Sanwan Branch, China Construction Bank Co., Ltd.	42050162610109000999

Sanonda has singed the *Trilateral Supervision Agreement for Special Account Deposit* with Guotai Jun'an and Jinzhou Sanwan Branch of China Construction Bank Co., Ltd. on January 22, 2018.

III. The Major Contents of the Trilateral Supervision Agreement for Special Account Deposit

Party A: Sanonda

Party B: Jingzhou Sanwan Branch, China Construction Bank Co., Ltd.

Party C: Guotai Junan Securities Co., Ltd.

1. Party A has opened a special placement account (hereinafter referred to as the "Special Account") in Party B of the account number 42050162610109000999 with the remaining amount of RMB 1,531,919,933.02 Yuan as of Dec 27th, 2017. The Special Account is used solely for the storage and usage of the raised funds for Party A's specific supporting finance project relating to Material Assets Restructuring without other usage.

In case Party A will deposit the Placement in the form of Deposit Certificate or Notice Deposit, Party A shall promptly notify Party C and commit to transfer the above-mentioned Deposit Certificate into the Special Account stipulated in this Agreement for management or, continue to deposit in the form of Deposit Certificate with notice to Party C. No Pledge of the Deposit Certificate shall be made by Party A.

2. Both Party A and Party B shall comply with the laws, regulations and rules such as *Negotiable Instruments Law of the People's Republic of China*, *Measures for Payment and Settlement, Measures for the Administration of RMB Bank Settlement Accounts*.

3. As the Independent Financial Advisor of Party A, Party C shall designate his Representative or other official to supervise the usage of the Placement of Party A.

Party C commit to exercise his sponsor duty and execute continuous supervision work to the management and usage of the Placement of Party A according to *Shenzhen Stock Exchange Guidelines on Normative Operation for Main Board Listed Company* and the Placement management regulations made by Party A.

Party C may exercise his right of supervision in the form of field investigation and written inquiry, etc. Party A and Party B shall coordinate with Party C in the investigations and inquiries. Party C shall inspect the Special Account of Party A together with semi-annual field investigation.

4. Party A authorizes the representatives of Party C to inquire and duplicate the materials of Party B's Special Account from time to time. Party B shall provide to the representatives the relevant materials in need promptly, accurately and fully.

The representatives of Party C shall present their legal identification papers when they inquire to Party B about the Special Account of Party A; other officials designated by

Party C shall issue their legal identification papers and official letters of introduction when they inquire to Party B about the Special Account of Party A.

5. Party B shall provide Party A with the true, accurate and full check sheet of the Special Account and send a duplicate to Party A per month (before the tenth day of the month).

6. In the event that Party A draws an amount more than RMB50,000,000 or reaches 10 percent of the net amount that the total issuing placement is deducted by the issuance cost (hereinafter referred to as the "Placement Net Amount") in one-time or during a twelve months period from the Special Account, Party A shall promptly notify Party C in the form of facsimile or email and provide a payment list of the Special Account.

7. Party C shall have the right to change his representatives according to the corresponding provisions. If Party C changes his representatives, Party C shall inform Party B with the relevant documentary evidence and changed communications of the representatives in written forms in accordance with Article 12 of this Trilateral Supervision Agreement. The change of representatives shall not affect the effect of this Trilateral Supervision Agreement.

8. In case Party B fails to issue the check lists in time to Party A for three successive times and fails to coordinate with Party C to investigate the Special Account, or materially breaches any of its other undertakings under this Trilateral Supervision Agreement, Party A may, actively or required by Party C, unilaterally terminate this Agreement and cancel the Special Account.

9. Where Party C find that Party A and Party B failed to materially implement this Trilateral Supervision Agreement, Party C shall report to Shenzhen Stock Exchange in time after he find relevant facts.

10. This Trilateral Supervision Agreement will come into force after the signatures of the legal representatives or authorized representatives and official seals of the respective parties of Party A, Party B and Party C; and become invalid after the full payment of the Special Account and cancellation according to the laws.

It is hereby announced.

Board of Directors of Hubei Sanonda Co., Ltd.

January 22, 2018