ADAMA Ltd.

Announcement on the Change of Accounting Policy

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

The 12th meeting of the 8th session of Board of Directors of ADAMA Ltd. (hereinafter referred to as "Company") approved the proposal on the change in the accounting policy (hereinafter referred to as the "Change"). The proposal is not subject to the approval of the shareholders. The details of the Change are as follows.

1. Overview of the Proposed Change

In preparation of the 2018 Annual Report, the group began to adopt the Notice on Revising the Format of 2018 Financial Statements for General Enterprise promulgated by Ministry of Finance on June 15th, 2018 (Caikuai [2018] No.15, hereinafter "Caikuai No.15"). Caikuai No.15 revised the accounts in balance sheet and income statements, including:

- Newly added "Notes and Accounts Receivable", "Notes and Accounts Payable" and "Research and Development Expenses";
- Revised the disclosure of "Other Receivables", "Fixed Assets", "Construction in Progress", "Other Payables", "Long-term Payables" and "General and Administrative Expense";
- Deleted "Notes receivable", "Accounts Receivable", "Dividends Receivable", "Interests Receivable", "Disposal of Fixed Assets", "Projects Material", "Notes Payable", "Accounts Payable", "Interests Payable", "Dividends Payable" and "Special Accounts Payable".

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Caikuai No.15 also added the disclosure of "Including: Interest Expense" and "Interest Income" as sub-accounts of "Financial Expense" and adjusted the sequence of some accounts in Income Statement.

The above modifications were retrospectively adjusted for comparative numbers. The Change has no significant impact on the Company's financial statements.

2. Explanations of the Board of Directors on the Reasonableness of the Change

The Board of Directors confirms that the Change is made based on the requirements of relevant regulations. The decision-making process is in line with the laws, regulations, and the Articles of Association of the Company. The Change will not harm the interests of the Company and its shareholders.

3. Opinion of the Independent Directors

The Change is in accordance with the Accounting Standards for Enterprises and relevant regulations. The Change will not harm the interests of the Company and its shareholders (especially the minority shareholders). The decision-making process is in line with the laws, regulations and the Articles of Association of the Company. The independent directors agree with the Change.

4. Opinion of the Board of Supervisors

The Board of Supervisors confirms that the Change is based on the requirements of the relevant regulations. The Change is in line with the relevant regulations of the Ministry of Finance. No interests of the Company and its shareholders will be harmed by the Change. The Board of Supervisors agrees with the Change.

It is hereby announced.

Board of Directors of ADAMA Ltd.

March 21, 2019

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