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ADAMA Ltd.

Announcement on the Change of Accounting Policy

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.

The 14th 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**

The Company began to adopt the revised Accounting Standards for Business Enterprises No. 21 - Leases (CaiKuai [2018] No. 35) ("Revised ASBE21") promulgated on December 7, 2018 by the Ministry of Finance, as of January 1, 2019.

The Revised ASBE 21 establishes the rules for the recognition, measurement, presentation and disclosure of leases with respect to both parties to the transaction, i.e. the customer (lessee) and the supplier (lessor). It will eliminate the current distinction between financing leases and operating leases and establish a uniform accounting model for all types of leases. According to the new model, for each leased asset, the lessee is required on the one hand to recognize an asset in respect of the usage right and on the other hand record a financial liability in respect of the lease fees.

The Company elected to apply the transitional provision of recognizing a lease liability

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at the date of initial application for all the leases that award it control over the use of identified assets for a specified period of time, according to the present value of the future lease payments discounted at the incremental borrowing rate of the lessee at that date, and concurrently recognizing a right-of-use asset at the same amount of the liability, adjusted for any prepaid or accrued lease payments that were recognized as an asset or liability before the date of initial application. Therefore, application of the standard is not expected to have an effect on the balance of retained earnings at the date of initial application.

II. Impact on the Company

The following are details of the impacts on the Company:

1. An increase in the volume of assets and liabilities of the Company, due to the recording of all of the Company's lease transactions as acquisition of usage rights as assets against a commitment to pay the leasing fees, as liabilities.
2. An expected effect on the statement of profit or loss of the Company at the time of recognizing expenses since the use of effective interest leads to recognizing a higher expense at the beginning of the lease period.
3. An increase in cash flow from operating activities of the Company, due to the classification of the principal and interest component of lease payments as cash flow infinancing activities.

The Company examined the implications of implementing the standard and is of the opinion that the application of the Revised ASBE21 has no material impact on the financial statements of the Company.

III. 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,

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and the Articles of Association of the Company. The Change will not harm the interests of the Company and its shareholders.

IV. Opinion of the Independent Directors

According to the actual situation and the provisions of the Accounting Standards for Enterprises, the Company has made reasonable changes in accounting policies, which embodies the principles of authenticity and prudence in accounting and provides more reliable and accurate accounting information. Such changes are in the interest of the Company and all shareholders. The deliberation procedure of the Board of Directors on this matter conforms to the provisions of relevant laws and regulations. We approve the change of the Company's accounting policy.

V. 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.

April 30, 2019

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