Stock Code: 000553(200553) Stock Abbreviation: ADAMA A (B) NO. 2019-32

ADAMA Ltd.

Announcement on the Signing of Supplemental Financial Services Agreement in a Related-Party Transaction with ChemChina Finance Co., Ltd.

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 the Related Party Transaction

With the approval of the 2nd Interim Shareholders Meeting in 2017, the Company signed a Financial Services Agreement (hereinafter referred to as the "Original Agreement") with ChemChina Finance Co., Ltd. (hereinafter referred to as the "Finance Company") on September 22, 2017. For details, please refer to the Announcement on Providing Financial Services to the Company by the Finance Company (announcement number 2017-48) disclosed on August 16, 2017.

On March 29, 2019, the Company purchased 100% of the equity interests in Jiangsu Anpon Electrochemical Co., Ltd. ("Anpon"). The Finance Company provided financial services to Anpon prior to its acquisition by the Company, and is willing to continue to provide it with financial services. Therefore, the Company plans to sign a Supplemental Financial Services Agreement with the Finance Company to revise certain clauses of the Original Agreement.

The Finance Company is a subsidiary controlled by China National Chemical Corporation Ltd. (hereinafter referred to as "ChemChina"). According to the *Listing Rules of Shenzhen Stock Exchange*, the Finance Company is a related party to the Company due to the common control by ChemChina.

The related-party transaction matter has been reviewed and approved at the 14th Meeting of the 8th session of the Board of Directors of the Company. Among the five directors of the Company, there were four affirmative votes, zero negative votes and zero abstentions, while the one related-party director (Mr. Yang Xingqiang) refrained from voting.

The related-party transaction matter shall be further approved by the shareholders. China National Agrochemical Co., Ltd.(hereinafter referred to as "CNAC"), and Jingzhou Sanonda

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Holdings Co., Ltd. will refrain from voting.

II. **Introduction to the Related Party**

1. Basic Information of the Related Party

Name of the Related Party: ChemChina Finance Co., Ltd.

Registered Address: No. 62, West of the North Fourth Ring Road, Haidian district, Beijing

Ownership Property: Limited Liability Company

Unified Social Credit Code: 91110000100019622W

Licensed Financial Institution Code: L0100H211000001

Legal Representative: Shi Jie

Registered Capital: RMB 841.225 million

Date of Establishment: May 14th, 1996

Business scope: handling financial and financing consultants, credit certificates and related consulting and agency services for member companies; assisting member companies in receiving and paying transaction funds; approved insurance agency business; providing guarantees to member companies; handling entrusted loans and investments among member companies; handling bill acceptance and discounting for member companies; internal transfer settlement among member companies and design of corresponding settlement and liquidation arrangement; absorption of deposits from member companies; offering loans, financing and leasing for member companies; inter-bank lending; underwriting corporate bonds and fixed-income securities investments. (Enterprises shall independently select operating projects and carry out business activities in compliance with laws; operating projects that are subject to approval according to laws and the approval of relevant departments; No engagement in any business activity that is forbidden or restricted by the municipal industry policies is allowed.)

Credit status: After searching on the website of disclosure of enforcement information of China, Finance Company is not a dishonest party subject to enforcement.

Shareholders and their Shareholding Proportion:

The Finance Company is jointly funded by ChemChina and three of its subsidiaries. The

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shareholders and their shareholding proportion are as follows:

ChemChina holding 49.41%, China Blue Star (Group) Co., Ltd with a ratio of 26.88%, China Haohua Chemical Group Co., Ltd. with a ratio of 15.81% and CNAC with a ratio of 7.9%.

3. Financial Status of the Finance Company

As of the end of 2018, the total assets of the Finance Company were RMB 13.37 billion, total liabilities RMB 11.99 billion and ownership equity RMB 1.38 billion. Its revenue reached RMB 408.086 million and total profit RMB 99.164 million. It has a capital adequacy ratio of 16.96%.

4. Relations between Related Parties

The controlling shareholder of the company, CNAC, is a wholly-owned subsidiary of ChemChina. The Finance Company is a holding subsidiary of ChemChina. Therefore, both the Company and the Finance Company are controlled by ChemChina.

III. Pricing Principle of the Related Party Transaction

This related party transaction is based on the pricing principle of similar services in the market, and the price of this related party transaction is fair.

IV. Contents of the Supplemental Financial Services Agreement

1. The financial services under the Original Agreement shall be granted by the Finance Company to each of the Company and Anpon separately.

2. Anpon, upon signing the confirmation, confirms its consent to receive the financial services according to the Original Agreement attached as Annex A of this Agreement, including all rights and obligations deriving thereof.

3. Article 1 (3) of section II “Services” of the Original Agreement shall be revised as follows:

The original wordings:

“Party A's daily maximum deposit balance and interest in Party B shall not be more than RMB 300 million yuan in principle”.

The revised wordings:

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"Party A's The aggregated daily maximum deposit balance and interest in Party B made by Party A and Anpon shall not be more than RMB 400 million yuan in principle".

4. Except the above revisions, no other change is made to the Original Agreement.

V. Risk Assessment

On March 21, 2019, the Company disclosed the Finance Company's risk assessment report for 2018 on the website of Juchao Information, stating that the Finance Company has a legally valid *Financial License* and *Business License for Legal Persons of Enterprises*; no violation against the "*Administrative Measures for Financial Companies of Enterprise Groups*" promulgated by the China Banking Regulatory Commission has been identified; and its various regulatory indicators are in line with the requirements of Article 34 of the Measures.

The 14th meeting of the 8th session of the Board of Directors of the Company approved the revised "*Risk and Emergency Disposal Plan of ADAMA Ltd. for Deposits in ChemChina Finance Co., Ltd.*" to protect the safety and liquidity of the Company's deposits in the Finance Company.

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

This related-party transaction is conducive to further optimize the financial management of Anpon, reduce the cost of capital and improve the efficiency of capital operation. It is in line with the interests of the Company and all shareholders, and will not have an impact on the normal business activities and financial situation of the Company.

VII. Status of Different Kinds of Related Party Transactions between the Company and ChemChina

From January 1, 2019 till the date of this Announcement, the status of different kinds of related party transactions between the Company and ChemChina are as follows:

1. The balance of the deposits of the Company deposited in the Finance Company is RMB 300 million, which had been approved by the 2nd Interim Shareholders Meeting of the Company.

2. The matter of related party transactions in the ordinary course of business in 2019 with a total amount of RMB 1,914.43 million which had been approved by the 1st Interim Shareholders Meeting in 2019.

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3. Anpon acquisition by the Company with a total amount of RMB 820 million which had been approved by the 12th meeting of the Board of Directors Meeting.

VIII. Independent Directors' Opinions

This related party transaction is caused by the Company's acquisition of the equity interest in Anpon. The parties agree to revise the Original Agreement to reflect the actual business needs of Anpon. It is conducive to improving capital returns and capital operation capacity of Anpon. This related party transaction is based on the principles of fair and open. It doesn't harm the interests of the Company and its shareholders. The decision-making procedures for this related party transaction 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. The independent directors agree to submit the proposal to the shareholders for approval.

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

After verification, the independent financial consultant is of the opinion that this related party transaction has been approved at the 14th Meeting of the 8th session of the Board of Directors of the Company, on which occasion related director 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 Shareholders. CNAC and Jingzhou Sanonda Holding Co., Ltd as related shareholders will refrain from the voting. The 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 signing of the Supplemental Financial Services Agreement.

X. Documents for Future Reference

1. The resolution made at the 14th 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 Supplemental Financial Service Agreement in a Related-Party Transaction with ChemChina Finance Co., Ltd.

The Announcement is hereby given.

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The Board of Directors of ADAMA Ltd.

April 30, 2019

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