Stock Code: 000553(200553) Stock Abbreviation: ADAMA A (B) NO. 2019-51

ADAMA Ltd.

Announcement on Signing an Extended Agreement for Engineering, Procurement and Construction (EPC) Between ADAMA Ltd. and Its Related Party Bluestar Engineering 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. Overview of the Related Party Transaction

The Company's 21st meeting of the 7th session of the Board of Directors and the 2nd Interim Shareholders Meeting approved a proposal on signing an Agreement for Engineering, Procurement, and Construction for the Relocation and Upgrading of the Pesticide Products Project with Hao Hua Engineering Co., Ltd. (hereinafter referred to as the "Original EPC Contract") on August 15 and September 8, 2017, respectively. The details of the above transaction were set forth in the announcements dated August 16, 2017 and September 9, 2017 (announcement number 2017-49 and 2017-53) published by the Company on the website www.cninfo.com.cn.

Based on the needs of the relocation of the Jingzhou site, the Company intends to extend the scope of work of the Original EPC Contract and adjusting the contract price RMB 473.18 million by RMB 165.49 million to RMB 638.67 million accordingly. The Company will sign an extended Agreement for Engineering, Procurement and Construction with BlueStar Engineering Co., Ltd. (the new company name of Hao Hua Engineering Co., Ltd.) (hereinafter referred to as the "New EPC Contract").

BlueStar Engineering Co., Ltd. and the Company are both subsidiaries controlled by China National Chemical Corporation Ltd. (hereinafter referred to as "ChemChina"). Therefore, both parties are deemed as related parties and the transaction under the New EPC Contract is a related-party transaction (hereinafter referred to as the "Transaction").

On October 30, 2019, the 17th Meeting of the 8th session of the Board of Directors of the

cninf 巨潮资讯 www.cninfo.com.cn

Company approved the Proposal on Signing an Extended Agreement for Engineering, Procurement and Construction with BlueStar Engineering Co., Ltd. Among the five directors of the Company, the related-party director Mr. Yang Xingqiang refrained from voting, while from the remaining four directors, there were four affirmative votes, zero negative votes and zero abstentions. The independent directors also issued their independent opinion.

The Transaction is within the approval line of the Board of Directors and is not subject to the approval of the shareholders.

The Transaction does not constitute a Material Assets restructuring as stipulated by the Administrative Measures on Significant Asset Restructuring of Listed Companies.

II. Introduction to the Related Party

BlueStar Engineering Co., Ltd. was established in July 2005. Its legal representative is Bai Lijian, and its registered address is 4/F, No.1 Building, No.5 Anxiang Road, B Region of Airport Industrial Area, Shunyi District, Beijing. It has registered capital of RMB 110 million and mainly undertakes the businesses related to engineering Design, engineering consultation; pressure pipeline design; technology development and transfer, Technology consultation, technical training, technical services. The main financial data as of December 31, 2018 is: operating revenue of RMB227.03 million, net profit of RMB7.12 million, total assets of RMB303.64 million, net assets of RMB173.32 million; the main financial data as of September 30, 2019 is: operating revenue of RMB149.71 million, net profit of RMB-10.15 million, total assets of RMB388.56 million, net assets of RMB163.17 million.

Related-party relationship: BlueStar Engineering Co., Ltd. is an enterprise controlled by ChemChina, the controlling shareholder of the Company. According to Item 2 of Article 10.1.3 of the Listing Rules of Shenzhen Stock Exchange, BlueStar Engineering Co., Ltd. is a related party of the Company.

Analysis of contract performance capability: To the best of the Company's knowledge, BlueStar Engineering Co., Ltd. produces and operates normally and is in good operational conditions. After searching on the website of disclosure of enforcement information of China, it is not a dishonest party subject to enforcement.

III. Basic Information on the Target of the Related-Party Transaction

The Transaction is for the rendering of engineering services of design, procurement and

cninf 巨潮资讯 www.cninfo.com.cn

construction for the new Jingzhou site. It mainly includes the preliminary design, construction drawing design, supply and installation of the plants, packaging devices and auxiliary production facilities, which BlueStar Engineering Co., Ltd. shall complete on the construction site in accordance with the New EPC Contract.

IV. Pricing Basis of the Related-Party Transaction

The Transaction is made on the principles of voluntariness, equality, mutual benefit, justice and fairness. When purchasing the services under the New EPC Contract, the Company referred to the transaction price of similar EPC arrangements in the market and negotiated a fair transaction price with BlueStar Engineering Co., Ltd.

V. **Main Contents of the New EPC Contract**

Contract Name: Agreement for Engineering, Procurement and Construction Between Owner ADAMA Ltd. and Contractor BlueStar Engineering Co., Ltd.

Owner: ADAMA Ltd.

Contractor: BlueStar Engineering Co., Ltd.

Construction Site: new site of Jingzhou

Contents of the Project: It mainly includes the preliminary design, construction drawing design, supply and installation of the plants, packaging devices and auxiliary production facilities.

Price and Payment: Additional RMB 165.49 million to the price set in the Original EPC contract price, and a total adjusted price of RMB 638.6789 million. The consoideration will be paid to the contractor according to the progress of the project and the payment terms of the New EPC Contract.

Quality Standards: Quality standards as specified in the New EPC Contract.

Effective Date of the New EPC Contract: the date the New EPC Contract is duly signed following the approval of the Board of Directors of the Company.

Dispute Resolutions: Any controversy or claim that fails to be solved amicably shall be finally submitted to arbitration conducted in Beijing by China International Economic and Trade Arbitration Commission under its arbitration procedures and rules in force at the time of applying for arbitration.

cninf 巨潮资讯 www.cninfo.com.cn

VI. Purpose of the Transaction and Its Impact on the Company

The Transaction is required for the relocation of the Jingzhou site. The Company adjusted the relevant project mentioned in the Original EPC Contract according to its needs. BlueStar Engineering Co., Ltd. has extensive technical and construction experience in chemical engineering design and construction. The New EPC Contract follows the general practice of similar business in the market and doesn't contain unfair terms. The Transaction will not adversely affect the interests of the Company and its non-related party shareholders, nor will it affect the independence 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 related party transactions between the Company and ChemChina are as follows:

1. Related party transactions in the ordinary course of business in 2019 with a total amount of RMB 2,488.03 million, approved by the 1st Interim Shareholders Meeting in 2019 and the 2nd Interim Shareholders Meeting in 2019.

2. The acquisition of Anpon for a total amount of RMB 820 million, approved by the 12th meeting of the Board of Directors Meeting.

3. Deposits of the Company deposited in the ChemChina Finance Company, which current balance is RMB 217.21 million, approved by the 2nd Interim Shareholders Meeting of the Company in 2017 and the 2nd Interim Shareholders Meeting in 2019.

VIII. Independent Directors' Opinions

The Company's independent directors have given separate opinions on the Transaction: The New EPC Contract is based on the construction projects needs of the Company and is normal business operations. The Transaction conforms to relevant national laws and regulations, as applicable, and market-oriented principles, and will not impact the independence of the Company or harm the interests of the Company and its other shareholders. The decision-making procedures for the Transaction conform to the *Company* Law, the Rules of Shenzhen Stock Exchange for the Listing of Stocks, the Articles of Association of the Company and other laws and regulations. Therefore, the independent directors approved the Transaction.

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

cninf 巨潮资讯 www.cninfo.com.cn

After verification, the independent financial consultant is of the opinion that the New EPC Contract is necessary for the daily business operation of the Company; the pricing of the Transaction follows the market price; the Transaction does not harm the interest of small and medium shareholders of the Company or affect the independence of the Company; the Transaction has been approved at the 17th 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; above deliberation procedures are in line with the Company Law, the Articles of Association of the Company and relevant rules.

Therefore, the independent financial consultant does not have objection to the Transaction.

X. Documents for Future Reference

1. The resolution of the 17th Meeting of the 8th session of the Board of Directors of the Company;
2. Independent directors' opinion and their prior written approval;
3. Opinion of Guotai Junan Securities Co., Ltd on Signing an EPC Agreement Between ADAMA Ltd. and Its Related Party Bluestar Engineering Co., Ltd.

It is hereby announced.

The Board of Directors of ADAMA Ltd.

October 31, 2019

cninf 巨潮资讯 www.cninfo.com.cn