Stock Code: 000553(200553) Stock Abbreviations: ADAMA A(B) Announcement No.2020-27

Abstract of the 2019 Annual Report of ADAMA Ltd.

I. Important Reminder

This Annual Report Abstract is from the full text of the Annual Report. Investors are advised to read the full text of the Annual Report published on the media designated by China Securities Regulatory Commission for having a round understand of the Company's performance, financial status and future development plan.

All the directors attended the Board of Directors meeting to review the Annual Report. No disagreement was raised by the directors, supervisors, and senior managements.

Non-standard auditor report

☐ Applicable √ Not applicable

Plan approved by the Board of Directors for dividend distribution of ordinary shares or increasing the capital by the transfer of capital reserves.

√ Applicable ☐ Not applicable

The pre-plan of the dividend distribution approved by the meeting of the Board of Directors on April 27, 2020 refers to the total outstanding 2,446,553,582 shares of the Company as of February 28, 2020 as the basis for the distribution of RMB 0.12 (including tax) as cash dividend per 10 shares, to all the shareholders of the Company. No shares will be distributed as share dividend, as well as no reserve will be transferred to equity capital.

Plan approved by the Board of Directors for dividend distribution of preferred shares

☐ Applicable √ Not applicable

II. Basic information about the Company

1. Company profile

	Board Secretary	Securities Affairs Representative	Investor Relations Manager
Name	Li Zhongxi	Liang Jiqin	Wang Zhujun
Address	6/F, No.7 Office Building, No.10 Courtyard, Chaoyang Park South Road, Chaoyang District, Beijing		
Tel.	010-56718110	010-56718110	010-56718110
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2. Brief introduction to the main business or products in the reporting period

The Company is a corporation incorporated in the People's Republic of China.

The Group engages in the development, manufacturing and commercialization of crop protection products, that are largely off-patent, and is one of the leading companies in the world in this field. The Group provides solutions to farmers in approximately 100 countries, through approximately 60 subsidiary companies throughout the world.

The Group's business model integrates end-customer access, regulatory expertise, global R&D and production capabilities, thereby providing the Group a significant competitive edge and allowing it to launch new and differentiated products that address farmers' needs in key markets.

The Group's primary operations are global, spanning activities in Europe, North America, Latin America, Asia-Pacific (including China) and India, the Middle-East and Africa. In aggregate, the Group sells its products in approximately 100 countries across the

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globe.

The Group is focused on the development, manufacturing and commercialization of largely off-patent crop protection products, which are generally herbicides, insecticides and fungicides, which protect agricultural and other crops against weeds, insects and disease, respectively. The Group also utilizes its expertise to adapt such products also for the development, manufacturing and commercialization of similar products for non-agricultural purposes (Consumer and Professional Solutions).

In addition, the Group leverages its core capabilities in the agricultural and chemical fields and operates in several other non-agricultural areas, none of which, individually, is material for the Group. These activities, collectively reported as Intermediates and Ingredients , include primarily, (a) the manufacturing and marketing of dietary supplements, food colors, texture and flavor enhancers, and food fortification ingredients; (b) fragrance products for the perfume, cosmetics, body care and detergents industries; (c) the manufacturing of industrial products and (d) other non-material activities.

Trends, events and key developments in the Group's macro-economic environment may have a material impact on its business results and development. The influence of these factors may differ depending on the geographic region and the different products of the Group. Since the Group maintains a wide product portfolio and since it is active in many geographic regions, the aggregate effect of these factors in any given year, and during the course thereof, is not uniform and may sometimes be mitigated by counterbalancing influences. The activities and results of the Group are further subject to, and affected by, certain global, localized and other factors, such as: demographic changes; economic growth and rising standards of living; agricultural commodity prices; significant fluctuations in raw material costs and global energy prices; development of new crop protection technologies; patent expiries and growth in volumes of off-patent products; the global agricultural markets and volatile weather conditions; regulatory changes; government policies; world ports, international monetary policies and the financial markets.

Syngenta Group

In January 2020, ChemChina and Sinochem (also a major economic conglomerate controlled by the Chinese Government, whose chairman, Mr. Frank Ning, also serves as the chairman of the ChemChina group) announced the formation of the Syngenta Group, a newly-formed ag-industry leader, registered in Shanghai and owned by ChemChina, being created through the bringing together of the agricultural businesses of ChemChina and Sinochem (the "**Syngenta Group**" - as defined above). Syngenta Group is expected to become one of the world's leading agriculture inputs companies, spanning crop protection, seeds, fertilizers, additional agricultural and digital technologies, as well as an advanced distribution network in China, reaching farmers nationwide.

Syngenta Group is expected to further bolster the coordination between the Syngenta Group's member companies, including the Company, and capitalize the value creation and business opportunities including by the Company. In this context, the Syngenta Group companies are exploring various initiatives to capitalize their synergies and have significantly advanced and strengthened their collaboration over the last year, generating meaningful additional revenue through, but not limited to, the potential provision of reciprocal access to certain products in specific territories, as well as exploiting opportunities aimed at optimizing the utilization of the companies' operational facilities benefiting from procurement and operational savings.

For further important additional information and details, please refer to the Annex to the Company's Announcement on the 2019 Full-Year Financial Preview dated March 31, 2020 (announcement no. 2020-19), (available at www.cninfo.com.cn)**.**

3. Major accounting data and financial index

(1) Major accounting data and financial indicators for the last three years

Whether the Company performed any retroactive adjustments to or restatement of its accounting data

√ Yes ☐No

Reason: Due to the combination under same control.

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	2019	2018		+/- (%)	2017	
		Before adjustments	After adjustments		Before adjustments	After adjustments
Operating revenue (RMB'000)	27,563,239	25,615,119	26,867,308	2.59%	23,819,568	25,463,024
Net profit attributable to the shareholders (RMB'000)	277,041	2,402,462	2,447,876	-88.68%	1,545,879	1,581,202
Net profit attributable to the shareholders, excluding non-recurring profit and loss (RMB'000)	610,059	859,448	859,448	-29.02%	382,275	382,275
Net cash flows from operating activities (RMB'000)	843,487	2,002,139	2,299,153	-63.31%	3,958,389	4,291,976
Basic EPS (RMB/share)	0.1132	0.9820	1.0005	-88.69%	0.6601	0.6463
Diluted EPS (RMB/share)	N/A	N/A	N/A	N/A	N/A	N/A
Weighted average return on equity	1.23%	11.68%	11.66%	-10.43%	9.05%	8.67%

	31.12.2019	31.12.2018		+/- (%)	31.12.2017	
		Before adjustments	After adjustments		Before adjustments	After Adjustments
Total assets (RMB'000)	45,288,940	42,812,505	44,135,063	2.61%	39,613,922	41,164,689
Net assets attributable to the shareholders (RMB'000)	22,371,665	22,280,126	22,744,862	-1.64%	18,778,013	19,272,227

(2) Main Financial Index by Quarters

Unit: RMB'000

	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Operating revenue	6,787,751	6,828,281	6,666,043	7,281,164
Net profit attributable to the shareholders	366,756	221,882	206,095	-517,692
Net profit attributable to the shareholders excluding non-recurring profit and loss	285,087	145,183	192,235	-12,446
Net cash flows from operating activities	-1,289,484	984,534	399,211	749,226

whether there are any material differences between the financial indicators above or their summations and those which have been disclosed in quarterly or semi-annual reports

□ Yes √ No

4. **Shares and shareholders**

（1）Number of holders of ordinary shares and preference shares with vote right restored and top 10 shareholders

Unit: share

Total number of shareholders at the reporting period	48,058	Total number of shareholders on the 30th trading day before the disclosure date of the annual report	51,151	Total number of preferred stockholder with vote right restored (if any)	0	Total number of preferred stockholder with vote right restored on the 30th trading day before the disclosure date of the annual report	0
Top Ten Shareholders							
Name of shareholder	Nature of shareholder	Holding percentage	Number of shareholding at the end of the reporting period	Number of shares held not subject to trading moratorium		Pledged or frozen shares	
						Status of shares	Amount
China National Agrochemical Co.,	State-owned legal person	74.02%	1,810,883,039	1,810,883,039		--	--

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Ltd.						
Jingzhou Sanonda Holding Co., Ltd.	State-owned legal person	4.89%	119,687,202	--	--	--
China Cinda Asset Management Co., Ltd.	State-owned legal person	1.37%	33,557,046	--	--	--
China Structural Reform Fund Co., Ltd.	State-owned legal person	1.37%	33,557,046	--	--	--
Portfolio No.503 of National Social Security Fund	Others	0.88%	21,500,097	--	--	--
CCB Principal-ICBC-Avic Trust, Trust Plan of Pooled Funds of CCB Principal Private Placement Investment, Tianqi (2016) No. 293 of Avic Trust	Others	0.53%	12,885,906	--	--	--
Zhu Shenglan	Domestic Individual	0.35%	8,527,200	--	--	--
Industrial Bank Co., Ltd, Mixed Securities Investment Fund, Aegon-Industrial Trend Investment (LOF)	Others	0.22%	5,420,337	--	--	--
Caitong Fund Fuchun Chuangyi Private Placement No.3 Asset Management Plan	Others	0.19%	4,697,986	--	--	--
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Overseas legal person	0.18%	4,399,572	--	--	--
Explanation on associated relationship or/and persons		Jingzhou Sanonda Holdings Co., Ltd. and CNAC are related parties, and are acting-in-concert parties as prescribed in the Administrative Methods for Acquisition of Listed Companies. Sanonda Holding is a wholly-controlled subsidiary of CNAC. It is unknown whether the other shareholders are related parties or acting-in-concert parties as prescribed in the Administrative Methods for Acquisition of Listed Companies.				
Particular about shareholder participate in the securities lending and borrowing business (if any)		Shareholder Zhu Shenglan held 3,797,200 shares of the Company through a credit collateral securities trading account and held 4,730,000 shares of the Company through a common securities account, who thus held 8,527,200 shares of the Company in total.				

(2) Aggregated number of the preference shareholders and the list of the top 10 Preference shareholders

□ Applicable √ Not applicable

(3) Chart of the equity relationships between the Company and its actual controller

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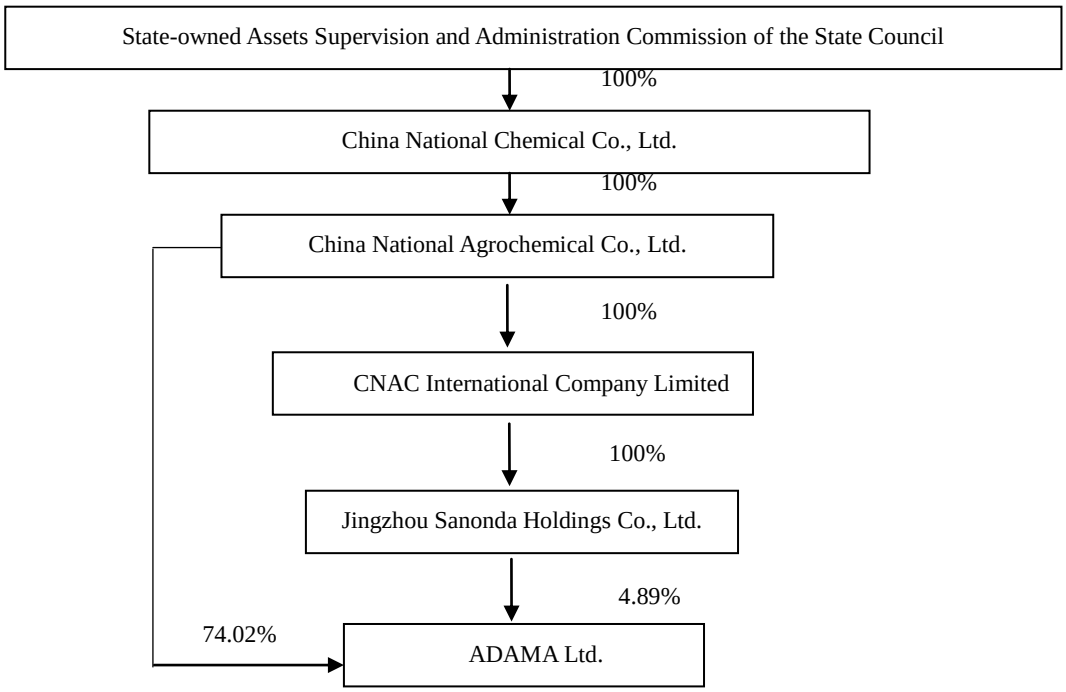

5. Corporate Bonds

Whether the company has corporate bonds that have been publicly issued and listed on the stock exchange, and not yet due or due but failed to pay as of the date of the approval of this Annual Report by the Board of Directors.

No.

II. **Performance Discussion and Analysis**

1. **Business Operation summary in the reporting period**

Whether the company needs to comply with the disclosure requirements of certain industry

No

Performance in Context of Market Environment

In 2019, the global crop protection market experienced challenging weather conditions in many regions, most notably flooding in North America and droughts in Southeast Asia and Australia, limiting crop protection application, delaying harvesting and reducing planted areas in key crops.

In Europe, channel inventories remained elevated, limiting sales into distribution and putting pressure on prices and margins.

The US-China trade tensions continued to affect global agricultural crop trading patterns, most notably with soybean growers in South America benefiting from a shift of Chinese import demand away from the US.

Despite these challenging market conditions, the Company delivered record sales in the fourth quarter and full year, compared with the same period as previously reported, driven by a combination of solid business growth as well as higher prices and the introduction of new and differentiated products, which have supported penetration and continued share gains in markets across the globe.

The Company continues to maintain cost discipline and raise prices wherever demand allows, mitigating to the extent possible the continued impact of shortages in certain raw materials and intermediates mostly owing to increased environmental focus in China. While some production capacity returned to the market in the second half of 2019, procurement costs remained generally elevated compared to the prior year.

Revenues. In the full year, the Company continued its strong performance, achieved despite the significant headwinds encountered throughout the year, including the impact of continued supply constraints, in particular RMB 1,410 million ($204 million) in missing sales of Jingzhou old site products, as well as challenging weather conditions in many regions.

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Sales and Marketing expenses

Sales and marketing expenses for the full year of 2019 were slightly below the numbers presented at the time for the same period of 2018, largely reflecting the containment of expenses, lower logistics costs due to the Jingzhou old site disruption, and reduction from strengthening of the US Dollar, more than offsetting the inclusion of joiner's expenses, the amortization of the written-up value of assets transferred from Syngenta in connection with the 2017 ChemChina-Syngenta transaction as well as amortization of acquisition PPAs (see additional details below).

In recent years, the Company conducted various corporate development activities, including mergers and acquisitions, which resulted in the inclusion within its sales and marketing expenses of various one-time or non-cash or non-operational items affecting the Company's reported numbers, mainly as follows:

- **Amortization of Legacy Purchase Price Allocation (PPA) of 2011 acquisition of Solutions (non-cash)**: Under PRC GAAP, since the first combined reporting for Q3 2017, the Company has inherited the historical "legacy" amortization charge that ChemChina was previously incurring in respect of its acquisition of Solutions in 2011. This amortization is performed in a linear manner on a quarterly basis, and will conclude by the end of 2020, resulting in the complete elimination of these charges from 2021 onward. Its reported financial impact in the full year of 2019 is RMB 262 million (USD 38 million), net of tax.
- **Amortization of Transfer assets received and written-up due to 2017 ChemChina-Syngenta transaction (non-cash)**: The proceeds from the Divestment of crop protection products in connection with the approval by the EU Commission of the acquisition of Syngenta by ChemChina, net of taxes and transaction expenses, were paid to Syngenta in return for the transfer of a portfolio of products in Europe of similar nature and economic value. Since the products acquired from Syngenta were of the same nature and with the same net economic value as those divested, the Divestment and Transfer transactions had no net impact on the underlying economic performance of the Company. Its reported financial impact in the full year of 2019 is RMB 242 million (USD 35 million), this amortization is expected to be reduced to approximately RMB 209 million ($30 million), while in the year 2021 it is expected to further reduce to RMB 153 ($22 million).
- **Amortization of acquisition-related PPA (non-cash):** The amortization of non-cash intangible assets was created in the course of acquisitions, and has no impact on the ongoing performance of the companies acquired. Its reported financial impact in the full year of 2019 is RMB 47million (USD 7 million), net of tax.

General and Administrative expenses

The increase in general and administrative expenses is mainly the result of:

- the recording of Jingzhou old-site related idleness costs of RMB 276 million (USD 40 million) in the full year, as it advances its gradual ramp-up in production;
- a one-time provision in respect of employee severance costs and other related expenses of approximately RMB 243 million (USD 35 million) in the fourth quarter. These costs are related to the upgrade and relocation of the Company's production and environmental facilities at both the Jingzhou (Hubei Province) and Huai'An (Jiangsu Province) sites, which are reaching the final stage of relocation and upgrading, and will allow for a more skilled and smaller workforce;

Despite the above, the Company continued its strong containment of expenses, and managed to effectively reduce the balance of its general and administrative expenses, which also benefited from strengthening of the US Dollar.

Financial expenses

Financial Expenses alone mainly reflect interest payments on corporate bonds and bank loans as well as foreign exchange gains/losses on the bonds and other monetary assets and liabilities before the Company carries out any hedging. The impact of Financial Expenses (before hedging) is RMB 1,666 million (USD 242 million) for the full year of 2019 compared with RMB 570 million (USD 88 million) for 2018. The increase mostly reflects the negative impact of currency translations on balance sheet positions (before hedging), mainly due to the effect of the appreciation of the Israeli Shekel against the US Dollar on Solutions' debentures, as well as the higher interest expenses on a higher borrowing base.

Given the global nature of its operational activities and the composition of its assets and liabilities, the Company, in the ordinary course of its business, uses foreign currency derivatives (forwards and options) to hedge the cash flow risks associated with existing monetary assets and liabilities that may be affected by exchange rate fluctuations. Net gains/losses from hedging of those positions, are recorded in "Gains/Losses from Changes in Fair Value", and are then transferred to "Investment Income" upon realization. The combined impact of Gains/Losses from Changes in Fair Value and Investment Income (excluding income from investment in associates and joint venture) is a net gain of RMB 574 million (USD 84 million) in 2019 compared with RMB -358 million (USD -53 million) in 2018.

The aggregate of Financial Expenses, Gains/Losses from Changes in Fair Value and Investment Income (hereinafter as "Total

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Net Financial Expenses and Investment Income"), which more comprehensively reflects the financial expenses of the Company in supporting its main business and protecting its monetary assets/liabilities, amounts to RMB 1,092 million (USD 158 million) in 2019 compared with RMB 928 million (USD 141 million) in 2018. Higher Total Net Financial Expenses and Investment Income over the full year reflect higher interest payment out of the higher borrowing base, the effect on balance sheet positions of a moderate weakening of the RMB in 2019 compared to its more marked weakening during 2018, as well as the impact of accounting changes related to IFRS 16 / ASBE 21, offset to some extent by the reduction in financing costs on the NIS-denominated, CPI-linked bonds due to a lower CPI in Israel.

For further important additional information and details, please refer to the Annex to the Company's Announcement on the 2019 Full-Year Financial Preview dated March 31, 2020 (announcement no. 2020-19), (available at www.cninfo.com.cn)**.**

2. Material change in principal business during the reporting period

☐ Yes √No

3. Products accounting for over 10% of revenue or profit from principal business of the Company

√ Applicable ☐Not applicable

Unit: RMB Yuan

Product Name	Operating revenues	Operating profit	Gross margin	YoY increase/decrease of the operating revenues	YoY increase/decrease of the operating profit	YoY increase/decrease of the gross margin
Manufacture of chemical raw materials and chemical products	27,563,239,000	529,700,000	32.23%	2.59%	3.07%	-0.96%

4. Existing seasonal or cyclical operations

☐ Yes √No

5. Significant change of revenue, operating costs or net profit belonged to holders of ordinary shares of the Company based on YoY

√Applicable ☐Not applicable

The net profit belonged to holders of ordinary shares of the Company based on YoY changed significantly. For details, please see the 2019 Full-Year Financial Preview disclosed by the Company on March 31, 2020 (announcement number 2020-19).

6. Trading suspension and termination of the listing

□ Applicable √ Not applicable

7. Matters regarding the financial report

(1) Explanation of the changes of the accounting policy, the accounting estimates and the accounting methods compared to the last financial report

√ Applicable ☐Not applicable

The changes of the accounting standards of the Group are as follows:

The Group began to adopt revised Accounting Standards for Business Enterprises 21 Leases ("ASBE 21"), promulgated by Ministry of Finance in 2018, from January 1, 2019.

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Group prepare annual financial statements according to the Notice on Revising the Format of 2019 Financial Statements for General Enterprises (CaiKuai [2019] No.6, hereinafter "CaiKuai No.6") promulgated by Ministry of Finance on April 30, 2019. CaiKuai No.6 revised accounts in balance sheets, income statements, statements of cash flows and statements of changes in shareholders' equity, including:

- "Notes and accounts receivable" is split into "Notes receivable" and "Accounts receivable";
- "Notes and accounts payable" is split into "Notes payable" and "Accounts payable";
- Newly added "Receivables financing" and "Special reserve";
- Make clear or revise the contents presented within the accounts of "Other receivables", "Non-current assets due within one year", "Other payables", "Deferred income", "Other equity instruments", "Research and Development expenses", "Interest income" and "Interest expenses" as subitems of "Finance expenses", "Other income", "Non-operating income", "Non-operating expenses", and "Capital injected by holders of other equity instruments".
- Added disclosure requirements for provision of loss allowance, for loan commitments and financial guarantee contracts;
- Added "Gain from derecognition of financial assets at amortized cost" as a subitem of "Investment income";
- Adjusted the sequence of some items within the income statements;
- Make clear of the items in the cash flow statements, for the cash flows related to government grants.

The above modifications were retrospectively adjusted for comparative numbers. There is no significant impact to the Company's financial statements from implementation Caikuai No.6.

(2) Explain retrospective restatement due to correction of significant accounting errors in the reporting period

□ Applicable √ Not applicable

No such cases in the reporting period.

(3) Explain change of the consolidation scope as compared with the financial reporting of last year

√ Applicable □Not applicable

During the reporting period, the Group acquired Jiangsu Anpon Electrochemical co. LTD. through business combination under common control, Bonide Products INC., Agro Klinge S.A., and SFP through business combination not under common control.

ADAMA Ltd.

Legal Representative：Ignacio Dominguez

April 27, 2020

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