ADAMA Ltd.

Special Report on Fund-raising and Actual Use of Funds

For the year ended December 31, 2019

cninf 巨潮资讯 www.cninfo.com.cn

Note： The Accountant's Report will be issued in Chinese. This Accountant's Report is English translations prepared for the Company's management review purpose only and cannot be provided to third parties for other purpose. If there is any conflict between the Chinese and English version, the Chinese version shall prevail.

Accountant's Report for Special Report on Fund-raising and Actual Use of Funds for ADAMA Ltd.

De Shi Bao (He) Zi (20) No. E00152

To the Board of Directors of ADAMA Ltd.:

We have attested the accompanying special report on fund-raising and actual use of funds for ADAMA Ltd. ((Former name: Hubei Sanonda Co., Ltd. hereinafter referred to as "ADAMA") as at 31 December 2019 (hereinafter referred to as 'Report on fund-raising and actual use of funds').

1. Board of directors' responsibilities for the report on fund-raising and actual use of funds

The board of directors of ADAMA is responsible for the preparation of the report on fund-raising and actual use of funds in accordance with *'Regulatory Guidelines for Listed Companies No.2- Regulatory Requirements for the Management and Use of Funds Raised by Listed Companies'* of China Securities Regulatory Commission (CSRC Notice [2012] No.44), *'Guidelines for the Standard Operation of the Companies Listed in Shenzhen Stock Exchange'* issued by Shenzhen Stock Exchange and ensuring the contents in the report true, accurate and complete, no false records, misleading statements or major omissions.

2. Auditor's responsibilities

Our responsibility is to issue an attestation opinion for the report on fund-raising and actual use of funds on the basis of our special procedures. We conducted our certain procedures in accordance with *China Standard on Other Assurance Engagements No.3101- Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*, which requires us to comply with the code of professional ethics and design and implement the special procedures to obtain reasonable assurance about whether the report on fund-raising and actual use of funds are free from material misstatement.

During the attestation, we performed the procedures that we deem necessary to obtain the evidence on the amounts and disclosures in the report on fund-raising and actual use of funds. We believe that our procedures provide a reasonable basis for our opinion.

cninf 巨潮资讯 www.cninfo.com.cn

Accountant's Report for Special Report on Fund-raising and Actual Use of Funds for ADAMA Ltd.

3. Attestation Opinion

We believe that the report on fund-raising and actual use of funds for ADAMA is prepared in accordance with *'Regulatory Guidelines for Listed Companies No.2-Regulatory Requirements for the Management and Use of Funds Raised by Listed Companies'* of China Securities Regulatory Commission (CSRC Notice [2012] No.44), *'Guidelines for the Standard Operation of the Companies Listed in Shenzhen Stock Exchange'* issued by Shenzhen Stock Exchange and present fairly, in all material respects, the fund-raising and actual use of funds of ADAMA as at 31 December 2019.

4. Scope of the report

This report can be only used by ADAMA to report the fund-raising and actual use of funds to relevant regulatory authorities this time, and cannot be used for other purposes.

Deloitte Touche Tohmatsu CPA LLP
Shanghai, China

Chinese Certified Public Accountant: Hu Ke

Chinese Certified Public Accountant: Ma Renjie

27 April 2020

cninf 巨潮资讯 www.cninfo.com.cn

The Company and Board of Directors ensure that the contents of information disclosures true, accurate and complete, with no false records, misleading statements or major omissions.

The Board of Directors of ADAMA Ltd. (hereinafter referred to as the "Company") prepared the Special Report on Deposit and Actual Use of Funds Raised from Non-Public Offerings as at 31 December 2019 in accordance with *'Regulatory Guidelines for Listed Companies No.2-Regulatory Requirements for the Management and Use of Funds Raised by Listed Companies*' of China Securities Regulatory Commission (CSRC Notice [2012] No.44), *'Guidelines for the Standard Operation of the Companies Listed in Shenzhen Stock Exchange'* (2015 Amendment) issued by Shenzhen Stock Exchange. Below is the special explanation for the deposit and actual use of raised funds as at 31 December 2019:

1. General information about the raised funds

1. Amount and date of Receiving the Raised Funds
After *approval of China Securities Regulatory Commission on agreeing Hubei Sanonda Co., Ltd. to issue shares to China National Agrochemical Co., Ltd. to acquire assets and raise supporting funds* (CSRC Permits [2017] No.1096), the Company issued 104,697,982 ordinary shares domestically in December 2017, with the price of RMB14.90 per share. The total raised amount was RMB1,559,999,931.80, and the Company actually received RMB1,531,919,933.02 after deducting the underwriting fees of RMB28,079,998.78. The net amount was received on 27 December 2017 and was verified by Deloitte Touche Tohmatsu Certified Public Accountant LLP which issued a capital verification report LLP (De Shi Bao (Yan) Zi (17) No.00540).

2. The Used Amount of the Raised Funds in the Reporting Period
In the reporting period, the Company used RMB400,080,000.00, and received tax refund RMB3,090,630.60 from tax authority. As at 31 December 2019, the Company has utilized the raised fund with a cumulative value of RMB717,372,647.40, and the balance that hasn't been used yet is RMB883,606,873.56, including interest income after deducting bank charges RMB37,888,958.56.

2. Deposit and management of the raised funds

In order to standardize the management and use of the raised funds and protect the rights of investors, the Company established a *Management System for Raised Funds of Hubei Sanonda Co., Ltd.* (hereinafter referred to as 'Management System for Raised Funds') in accordance with the laws and regulations and regulatory documents such as *Management Measures for Initial Public Offering of Shares and Listing, Notice on Further Standardize the Use of Raised Funds for Listing Companies* and *Listing Rules of Shenzhen Stock Exchange* etc. and the actual conditions of the Company. The management system has been approved at the 25th Meeting of the Seventh Board of Directors, which provides detailed regulations on the deposit, use, change of committed investment project, management and supervision of raised funds.

The Company signed *Regulatory Agreement on the Special Account of Raised Funds among the Three Parties* with Sanwan sub-branch Jingzhou Branch China Construction Bank Co. Ltd. and Guotai Junan Securities Co., Ltd. Respectively on 22 January, 2018. And signed *Regulatory Agreement on the Special Account of Raised Funds* among the Four Parties with Guotai Junan Securities Co., Ltd. , Shanghai branch of HSBC Bank(China) Company Limited, ADAMA AGAN

cninf 巨潮资讯 www.cninfo.com.cn

LTD and ADAMA MAKHTESHIM LTD on 25 June, 2018. All the parties are in strict compliance with the agreement mentioned above in current year.

As at 31 December 2019, the special accounts of raised funds are as follows:

Bank	Account number	Balance (RMB)
Sanwan sub-branch Jingzhou Branch China Construction Bank Co. Ltd.	42050162610109000999	883,606,873.56
Shanghai branch of HSBC Bank(China) Company Limited	715-039582-001	-
Shanghai branch of HSBC Bank(China) Company Limited	715-039574-001	-

3. Actual use of the raised funds in the current year

During the reporting period, the Company has actually used RMB400,080,000.00 of the raised A-share funds. For the detailed information, please refer to Appendix 1. Comparison Table for the Use of Raised Funds

4. Changes in the use of funds for fund-raising investment projects

On April 10, 2019, the Annual Shareholders Meeting approved a proposal on the change of certain designated projects included in the Project of Share Issuance for Assets Purchase and Supporting Finance. The Company will no longer use the raised funds on the project of the construction of Huai'an pesticide formulation center (RMB 249.80 million) and the project of fixed-assets investment-product A 600t/a (RMB 150.28 million). Instead, the Company will use the above amount (aggregated number RMB 400.08million) to pay the consideration of the equity transfer of Jiangsu Anpon Electrochemical Co., Ltd. The Company has finished the payment process before 28 August, 2019.

For the detailed information of changes in the use of funds for fund-raising investment project, please refer to the Appendix 2.

5. Terminating the use of raised funds on certain designated projects subsequent to the balance sheet date

On April, 27, the 25th meeting of the 8th session of the Board of Directors of the Company approved a Proposal on Terminating the Use of Raised Funds on Certain Designated Projects Included in the Project of Share Issuance for Assets Purchase and Supporting Finance. The Company plans to stop using the raised funds on the projects of products development and registration, and fixed-asset Investment of ADAMA. After the further approval by the shareholders of the Company, the remaining raised funds will not be used in certain designated projects. For details, please see the Announcement on Terminating the Use of Raised Funds on Certain Designated Projects published by the Company on April 28, 2020.

For the detailed information, please refer to Appendix 1. Comparison Table for the Use of Raised Funds.

cninf 巨潮资讯 www.cninfo.com.cn

6. Problems in use and disclosure of raised funds

The Company has disclosed relevant information timely, truly, accurately and completely. There are no situations where the management of raised funds violates the rules.

Board of Directors of ADAMA Ltd.

27 April 2020

cninf 巨潮资讯 www.cninfo.com.cn

Appendix 1: Comparison Table for the Use of Raised Funds

Comparison Table for the Use of Raised Funds

Unit: RMB'0000

Total amount of raised funds			155,999.99			Total investment of raised funds for the current period	40,008			
Total amount of raised funds with change of purpose during the reporting period			40,008			Accumulated investment amount of raised funds	71,737			
Accumulated amount of raised funds with change of purpose			40,008							
Percentage of accumulated amount of raised funds with change of purpose			26%							
Committed fund-raising investment projects	Whether the projects has been changed, including part change (if any)	Total committed investment amount	Total investment amount after adjustment (1)	Investment amount for the current period	Accumulated investment amount as at the end of the current period (2)	Investment progress as at the end of period (%) (3) = (2) / (1)	Date of projects reaching intended useable condition	Realized benefits of the current period	Whether the expected benefits are achieved	Whether the feasibility of the project has changed significantly
Consideration of the acquisition of Anpon	No	-	40,008	40,008	40,008	100%	2019	N/A	N/A	No
Huai'an pesticide preparation center project	Yes	24,980	-	-	-	-	N/A	N/A	N/A	Yes
Product development and registration project	No	93,507	93,507	-	13,103	14%	2019	N/A	N/A	Yes
ADAMA fixed asset investment project	Yes	66,204	51,176	-	5,913	12%	2019	N/A	N/A	Yes
Payment for transaction cost, taxes and fees	No	13,600	13,600	-	12,713 (Note1)	93%	——	N/A	N/A	N/A
Subtotal of nonpublic offering investment project		198,291 (Note2)	198,291 (Note2)	40,008	71,737	——	——	——	——	——

cninf 巨潮资讯 www.cninfo.com.cn

Appendix 1: Comparison Table for the Use of Raised Funds – (cont'd)

Situations failing to meet the planned schedule or achieve expected benefits and the reasons (according to the specific investment project)	1.Project of the Construction of Huai'an Pesticide Formulation Center Since Adama Pesticide (Jiangsu) Co., Ltd., a subsidiary company of the third-tier subsidiary of Solutions, is the entity to implement the construction project of Huai'an Pesticide Formulation Center, the Company needs to increase the capital of Solutions first, and then increase the capital of the subsidiaries by Solutions. The time and process required for the relevant approval process, such as funds entry and exist, is complicated. In order to avoid delays of the project, the Company invested its own capital into the project. After the approval of 2018 the Annual Shareholders Meeting, the amount of this project had been used to pay the consideration of the equity transfer of Jiangsu Anpon Electrochemical Co., Ltd. 2. Projects of Products Development and Registration The project was planned to be implemented by ADAMA Makhteshim Ltd., ADAMA Agan Ltd., and ADAMA Brazil S/A, subsidiaries of Solutions. The time and process required for the relevant approval process, such as funds entry and exist, is complicated. In order to avoid delays of the project, the Company invested its own capital into the project.

cninf 巨潮资讯 www.cninfo.com.cn

Appendix 1: Comparison Table for the Use of Raised Funds – (cont'd)

Situations failing to meet the planned schedule or achieve expected benefits and the reasons (according to the specific investment project)	3. ADAMA Fixed-Assets Investment (1) Capacity Expansion Project for Pesticide Product A Since Product A is the Company's newly developed product, it takes time to develop the market. In view of this, the management made changes to the time schedule of original expansion plan and suspended the investment in the second phase after careful deliberation. While adjusting the capacity expansion of the first stage in accordance with the needs of the market, the process is optimized to further enhance the product's market advantage. Based on the changes in the market environment and in order to reduce the investment risk of raised funds, the Company decided that the follow-up investment of this project will be carried out by the Company with its own capital. (2) Equipment Investment for Fungicide product B for Brazilian market & Project on Capacity Expansion Investment for New Fragrance Ingredient Product C The above two projects started in 2017. Both projects involve cross-border investment by the Company, while the local approval process for cross-border investment might take some time. In order to meet the increasing demand of the market for Fungicide product B and New Fragrance Ingredient Product C as soon as possible, after completing the replacement of the first raised funds , the Company decided that its overseas subsidiaries shall be responsible for meeting project investment needs through their own funds and local financing. The fungicide project for Brazilian market was carried out in accordance with the original investment plan and officially delivered for use in January 2020, and the fragrance ingredient product project is expected to be completed in May 2020.

cninf 巨潮资讯 www.cninfo.com.cn

Appendix 1: Comparison Table for the Use of Raised Funds – (cont'd)

Situations failing to meet the planned schedule or achieve expected benefits and the reasons (according to the specific investment project)	(3) Project on the Investment of the Equipment of Liquid Product Packaging The project aims to increase liquid packaging capacity to cope with expected future incremental demand and make inventory management more flexible and effective. However, due to the continuous climate change in Europe and North America in the past two years, there has been some changes in the incremental demand of the market. Based on the principle of prudence, the Company postponed the investment progress of the project and planned not to use raised funds on the project. (4) Investment for the Relocation of Beer Shava Plant and Its Integration with NeotHovav Plant in Israel The purpose of this project is to improve the overall production efficiency and product quality through the integration and optimization of the two plants in production and operation. Since the integration of the plants involves a wide range, it will take a long time to carry out master planning procedures in Israel. At present, the project is in the planning and design stage. The Company believes that there will be some differences in the implementation time of the project and the schedule of use of raised funds. Therefore, the Company intends to terminate the use of raised funds on this project. The proposal on terminating the above projects has been approved by the 25th meeting of the 8th session of the Board of Directors of the Company, pending further approval by the shareholders of the Company. For details, please see the Announcement on Terminating the Use of Raised Funds on Certain Designated Projects on 28 April 2020.

cninf 巨潮资讯 www.cninfo.com.cn

Appendix 1: Comparison Table for the Use of Raised Funds – (cont'd)

Explanation of projects whose feasibility changed significantly	Please refer to the explanations of situations failing to meet the planned schedule or achieve expected benefits above.
Amounts, usage and progress of the excess-raised funds	N/A
Changes of location of investment programs	N/A
Changes of implementation of the investment programs	N/A
Internal funds previously invested and replacement from the funds raised	The company held the fifth session of the eighth meeting of the Board of Directors on June 25th, 2018. During the session, it reviewed and approved the *Proposal on the Use of a Part of the Raised Funds to Replace the Self-Financed Fund Pre-invested into the Fund-raising investment Project*. Therefore, the company was allowed to replace its self-financed investment at the primary stage with RMB276.53 million from the raised fund. As of June 30th, 2018, the replacement has been completed.
Use of idle funds to temporarily supplement working funds	N/A
Balance amount of raised funds and the reasons	N/A
Purpose and hereabouts of unused funds	The remaining unused raised funds and interest will continue to be deposited in the corresponding raised funds account. The company will actively deliberate new investment projects to use the remaining raised funds. Under the premises of ensuring the good market prospects of new investment projects and being able to effectively manage investment risks, the Company will perform the corresponding approval procedures for use of the remaining raised funds in accordance with relevant laws and regulations.
Other issues in the usage and disclosure of the raised funds	N/A

Note 1: During the reporting period, the Company has received tax refund RMB3,090,630.60 from tax authority.
Note 2: The Company intends to raise funds of no more than 198,291 RMB'0000 in the supporting finance program, while the actual funds raised was 155,999.99 RMB'0000 on December 27, 2017.

cninf 巨潮资讯 www.cninfo.com.cn

Appendix 2: Detailed Information of Changes in the Use of Funds for Fund-Raising Investment Project

Detailed Information of Changes in the Use of Funds for Fund-Raising Investment Project

Unit: RMB'0000

New Committed fund-raising investment projects	Original committed items	Total committed investment amount (1)	Investment amount for the current period	Accumulated investment amount as at the end of the current period (2)	Investment progress as at the end of period (%) (3) = (2)/ (1)	Date of projects reaching intended useable condition	Realized benefits of the current period	Whether the expected benefits are achieved	Whether the feasibility of the project has changed significantly
Consideration of the acquisition of Anpon	Huai'an pesticide formulation center project ADAMA fixed asset investment project	40,008	40,008	40,008	100%	2019	N/A	N/A	No
Total	——	40,008	40,008	40,008	——	——	——	——	——
The reason for changes, decision-making procedure, and disclosure of information (according to the specific investment project)	1.Project of the Construction of Huai'an Pesticide Formulation Center Since Adama Pesticide (Jiangsu) Co., Ltd, which is an entity to implement the construction project of Huai'an Pesticide Formulation Center, a third-tier subsidiary of Adama Agricultural Solutions LTD., a subsidiary of the Company (hereinafter referred to as "Solutions"). The Company needs to make capital injection to Solutions first, and further capital increase to the subsidiaries needs to be made by Solutions. The time and process required for the relevant approval process, such as two-way cross-border funds transfers, is complicated. Besides, the actually raised funds is less than the planned amount. In order to avoid delays of the project, the Company invested its own capital into the project. 2. Fixed Assets Investment-Product A 600t/a The project also needs to be carried out through the Company's capital injection to its subsidiaries, involving the relevant approval process for outbound funds transfer, which takes a long time. Product A is an innovative product. It takes a while for the market to accept innovative products. Additionally, due to the								

cninf 巨潮资讯 www.cninfo.com.cn

Appendix 2: Detailed Information of Changes in the Use of Funds for Fund-Raising Investment Project – (cont'd)

The reason for changes, decision-making procedure, and disclosure of information (according to the specific investment project) – (cont'd)	extreme weather in the European market, the project has been delayed. Therefore, the Company intends to replace this original designated project. Decision-making procedure: The change of certain designated projects has been approved on the 12th meeting of the 8th session of the Board of Directors and the 2018 Annual Shareholders Meeting. The independent Directors, the Board of Supervisors and sponsor institution have issued clear opinion. Information disclosure of the Company: The detailed information please refer to *Adama Announcement on the Change of Certain Designated Projects*, published on the Cninfo (http://www.cninfo.com.cn), 21st, March, 2019.
Situations failing to meet the planned schedule or achieve expected benefits and the reasons (according to the specific investment project)	N/A
Explanation of changed projects whose feasibility changed significantly	N/A

cninf 巨潮资讯 www.cninfo.com.cn