Stock Code: 000553(200553) Stock Abbreviation: ADAMA A (B) NO. 2021-6

# ADAMA Ltd.

# Announcement on Expected Related-Party Transactions in the Ordinary Course of Business in 2021

The Company and all members of its board of directors hereby confirm that all information disclosed herein is true, accurate and complete with no false or misleading statement or material omission.

## I. Basic Information on Related Party Transactions in the ordinary course of business

### (1) Overview of related-party transactions in the ordinary course of business

The Company expects that the aggregated amount of related party transactions between it and/or its subsidiaries (together the "Group Companies") and the subsidiaries of China National Chemical Co., Ltd ("ChemChina", the actual controller of the Company) in 2021 is RMB 3,539.1 million. It consists of (1) the Group Companies will purchase raw materials/products, receive certain services from subsidiaries controlled by ChemChina, in a total amount that will not exceed RMB 2,058.04 million; and (2) the Group Companies will sell products and provide services, in a total amount that will not exceed RMB1,481.06 million, to subsidiaries controlled by ChemChina. Such transactions hereinafter referred as the "related-party transactions".

Related-party transactions of the above type performed by the Company in 2020 in the ordinary course of business amounted to RMB 2,162.14 million.

These estimations were performed based on the current available data and may change, inter alia, as a result of changes to the Group Companies' business and/or due to market conditions as well as due to the strategic restructuring of ChemChina and Sinochem Group Co., Ltd, the alignment and cooperation between the companies of Syngenta Group Co., Ltd.("Syngenta Group"), comprising the Company, Syngenta AG and Sinochem's agriculture-related activities, which will further bolster the alignment between the companies and capitalize on the value creation and synergy opportunities identified.

The related-party transactions matter has been reviewed and approved at the 31st Meeting of the 8th Session of the Board of Directors of the Company. Among the five directors of the Company, there were three affirmative votes, zero negative votes and zero abstentions, while the two related-party directors (Mr. Erik Fyrwald and Mr. Chen Lichtenstein) refrained from voting.

The related-party transactions matter shall be further approved by the Shareholders Meeting. Syngenta Group and Jingzhou Sanonda Holdings Co., Ltd. will refrain from

voting.

**(2) The types and amounts of expected related-party transactions in the ordinary course of business**

RMB'0000

| Type of related-party transaction | Related party | Content of related-party transaction | The pricing principle of related-party transaction | Contract amount or estimated amount not to exceed | Amount already occurred in 2021 as of the disclosure date | Amount occurred in the previous year |
|---|---|---|---|---|---|---|
| Purchasing raw materials and products from related parties | Syngenta A.G. and its subsidiaries | Purchase of raw materials/products | Market price | 132,936 | 29,124 | 96,023 |
| | Bluestar (Beijing) Chemical Machinery Co., Ltd. | Purchase of raw materials/products | Market price | 940 | 0 | 939 |
| | Jiangsu Huaihe Chemicals Co., Ltd. | Purchase of raw materials/products | Market price | 19,000 | 3,962 | 19,800 |
| | Sinofert | Purchase of raw materials/products | Market price | 220 | 34 | 147 |
| | Jiangsu Yangnong Chemical Co., Ltd. | Purchase of raw materials/products | Market price | 52,010 | 7,108 | 21,974 |
| | Jiangsu Youshi Chemical Co., Ltd. | Purchase of raw materials/products | Market price | 120 | 0 | 156 |
| | Jiangsu Ruixiang Chemical Co., Ltd. | Purchase of raw materials/products | Market price | 160 | 13 | 161 |

| | | | | | | |
|---|---|---|---|---|---|---|
| | Jiangsu Youjia Plant Protection Co., Ltd. | Purchase of raw materials/products | Market price | 160 | 100 | 141 |
| | Hangzhou (Torch) Xidou Door Film Industry Co., Ltd. | Purchase of raw materials/products | Market price | 10 | 1 | 4 |
| | Sub-total | - | - | 205,556 | 40,342 | 139,345 |
| Selling raw materials and products to related parties | Syngenta AG and its subsidiaries | Selling products | Market price | 92,586 | 12,194 | 67,427 |
| | Jiangsu Huaihe Chemicals Co., Ltd. | Selling products | Market price | 21,000 | 4,025 | 23,190 |
| | Sinofert | Selling products | Market price | 8, 030 | 1,234 | 2,946 |
| | Sino MAP | Selling products | Market price | 500 | 115 | 281 |
| | Jiangsu Yangnong Chemical Co., Ltd. | Selling products | Market price | 300 | 65 | 264 |
| | Jiangsu Youshi Chemical Co., Ltd. | Selling products | Market price | 25,000 | 2,647 | 12,927 |
| | Zhonglan International Chemical Co., Ltd. | Selling products | Market price | 360 | 26 | 368 |
| | Jiangsu Youjia Plant Protection Co., Ltd. | Selling products | Market price | 280 | 59 | 45 |
| | Sinochem Chongqing Fuling Chemical Co., Ltd. | Selling products | Market price | 50 | 0 | 47 |
| | Sub-total | - | - | 148,106 | 20,365 | 107,495 |
| Receiving services from related parties | China National Chemical Information Center | Value-added OA services | Market price | 128 | 0 | 246 |

| | | | | | | |
|---|---|---|---|---|---|---|
| | Zhonglan Lianhai Design Institute Co., Ltd. | Design services | Market price | 120 | 0 | 689 |
| | Sub-total | - | - | 248 | 0 | 935 |

(3) **Actual related-party transactions in the ordinary course of business performed in the previous year**

RMB'0000

| Type of related-party transaction | Related party | Content of related transaction | Actually occurred amount | Estimated amount | Difference proportion (%) |
|---|---|---|---|---|---|
| Purchasing raw materials and products from related parties | Syngenta AG and its subsidiaries | Purchase of raw materials/products | 96,023 | 151,940 | -36.80% |
| | Bluestar (Beijing) Chemical Machinery Co., Ltd. | Purchase of raw materials/products | 939 | 920 | 2.07% |
| | Jiangsu Huaihe Chemicals Co., Ltd. | Purchase of raw materials/products | 19,800 | 22,770 | -13.04% |
| | Zhonglan International Chemical Co., Ltd. | Purchase of raw materials/products | 2,698 | 3,102.7 | -13.04% |
| | Sinofert | Purchase of raw materials/products | 147 | - | - |
| | Hangzhou (Torch) Xidou Door Film Industry Co., Ltd. | Purchase of raw materials/products | 4 | - | - |
| | Bluestar Engineering Co., Ltd. | Purchase of raw materials/products | 123 | - | - |
| | Sub-total | - | 119,734 | 178,732.7 | -33% |
| Selling products and goods to related parties | Syngenta AG and its subsidiaries | Selling products | 67,427 | 86,675.9 | -22.21% |
| | Jiangsu Huaihe Chemicals Co., Ltd. | Selling products | 23,190 | 26,668.5 | -13.04% |
| | Sinofert | Selling products | 2,946 | 941.85 | 212.79% |
| | Sinochem Agriculture | Selling products | 1,219 | 311.65 | 291.14% |
| | Sino MAP | Selling products | 281 | 272.55 | 3.1% |
| | Zhonglan International Chemical Co., Ltd. | Selling products | 368 | 2,300 | -84% |
| | Sinochem (Hainan) Crop Technology Co., Ltd. | Selling products | 67 | - | - |
| | Sinochem Chongqing Fuling Chemical Co., Ltd. | Selling products | 47 | - | - |
| | Sub-total | - | 95,545 | 117,170.45 | -18.45% |
| Receiving services from related party | China National Chemical Information Center | Value-added OA services | 246 | 261 | -5.75% |
| | Shanghai Branch of Zhonglan Lianhai Design Institute Co., Ltd. | Design services | 689 | 663 | 3.92% |

| | | | | | |
|---|---|---|---|---|---|
| | Sub-total | - | 935 | 924 | 1.19% |
| **Aggregated** | | | 216,214 | 296,827.15 | -27% |
| An explanation by the board of directors for the major difference between the actual occurred amount of daily related transactions and the estimated amount | | | The actual total amount of related transactions in the ordinary business course in 2020 does not exceed the total amount expected, but it is not more than 80% of the total amount. The main reason is due to the COVID-19 pandemic related impacts, the changing market conditions and the actual needs of the Company. | | |
| An explanation by the independent directors for the major difference between the actual occurred amount of daily related transactions and the expected amount | | | The gap between the actual amount and the estimations of the related party transactions in the course of routine business in 2020 is a reasonable and proper result of the COVID-19 pandemic related impacts, the changing market conditions and the actual needs of the Company. Such gap will neither trigger any major impact on production and operation, nor harm the interests of the Company and its minority shareholders, as well as will not compromise the independency of the Company. | | |

Notes:

1. Please refer to the announcements on May 12, 2020 for the 2020 expected related-party transactions of the Company (Announcement number 2020-30).

## II. Introduction to Related Parties and Their Relationships with the Company

1. Bluestar (Beijing) Chemical Machinery Co., Ltd. (legal representative: Qiao Xiaofeng; registered address: No. 5, Xingye Street, Beijing Economic and Development Zone) has registered capital of RMB200 million and mainly undertakes the businesses related to production of chemical machinery and equipment, production of type III pressure vessels, design, maintenance and installation of chemical machinery and equipment, technical consultation, technical services, technical training. The main financial data as of the date December 31, 2020 are: operating revenue of RMB 457,773,760.76, net profit of RMB 12,051,837.90, total assets of RMB 1,119,173,782.42, net assets of RMB 558,979,214.03.

   Relationship with the Company: It is a legal person controlled by ChemChina, the actual control holder of the Company. According to the Article 10.1.3(2) of the Rules of Shenzhen Stock Exchange for the Listing of Stocks, it is a related party of the Company.

   Analysis of contract performance capability: To the best knowledge of the Company, Bluestar (Beijing) Chemical Machinery Co., Ltd. operates normally and is in good operational and financial conditions and thus has a good contract performance capability. After searching on the website of disclosure of enforcement information of China, it is not a dishonest party subject to enforcement.

2. Jiangsu Huaihe Chemical Co., Ltd. (legal representative: Xia Wenbiao; registered address: Yutai County, Jiangsu Province) has registered capital of RMB 24.7 million and mainly

undertakes the businesses related to manufacturing and sale of chemical products. The main financial data as of December 31, 2020 are: operating revenue of RMB 746,957,721.56, net profit of RMB 30,810,888.84, total assets of RMB 630,130,326.05, net assets of RMB 183,685,932.12.

Relationship with the Company: It is a legal person controlled by ChemChina, the actual control holder of the Company. According to the Article 10.1.3(2) of the Rules of Shenzhen Stock Exchange for the Listing of Stocks, it is a related party of the Company.

Analysis of performance capability: To the best knowledge of the Company, Jiangsu Huaihe Chemical Co., Ltd. produces and operates normally and is in good operational and financial conditions and thus has a good performance capability. After searching on the website of disclosure of enforcement information of China, it is not a dishonest party subject to enforcement.

3. Sinofert Holdings Limited (Executive Director & CEO: Qin Hengde; registered office: Clarendon House 2 Church Street Hamilton HM11 Bermuda) is a company listed on the Main Board of the Stock Exchange of Hong Kong (stock code:00297), which has registered capital of HKD 7,024,456 million and mainly undertakes the production, import and export, distribution and retail of fertilizer raw materials and finished products, provision of technological research and development and services relating to the fertilizer business and products, exploration and exploitation of phosphate mine, and production of monocalcium/dicalcium phosphate (MCP/DCP). The main financial data as of December 31, 2020 are: operating revenue of RMB 21,483,720,760.28, net profit of RMB 655,204,485.99, total assets of RMB 17,109,030,096.48, net assets of RMB 8,211,979,640.39.

   Relationship with the Company: It is a legal person controlled by ChemChina, the actual control holder of the Company. According to the Article 10.1.3(2) of the Rules of Shenzhen Stock Exchange for the Listing of Stocks, it is a related party of the Company.

   Analysis of contract performance capability: To the best knowledge of the Company, Sinofert Holdings Limited produces and operates normally and is in good operational and financial conditions and thus has a good contract performance capability. After searching on the website of disclosure of enforcement information of China, it is not a dishonest party subject to enforcement.

4. Jiangsu Yangnong Chemical Co., Ltd. (legal representative: Qin Hengde; registered address: No. 39, Wenfeng Road, Yangzhou) has registered capital of RMB 309.8989 million and mainly undertakes the manufacture of agrochemicals and fine chemicals. The main financial data as of September 30, 2020 are: operating revenue of RMB 7,956.36 million, net profit of RMB1,024.21 million, total assets of RMB 11,203.15 million, net assets of RMB 5,774.72 million. Jiangsu Youshi, Jiangsu Ruixiang and Jiangsu Youjia mentioned in this announcement as expected related parties are subsidiaries of Jiangsu Yangnong Chemical Co., Ltd.

   Relationship with the Company: It is a legal person whose shares are indirectly held by ChemChina, the actual control holder of the Company. According to the Article 10.1.3(5) of the Rules of Shenzhen Stock Exchange for the Listing of Stocks, it is a related party of the Company.

   Analysis of contract performance capability: To the best knowledge of the Company, Jiangsu Yangnong Chemical Co., Ltd. produces and operates normally and is in good operational and financial conditions and thus has a good contract performance capability. After searching on the website of disclosure of enforcement information of China, it is not a dishonest party

subject to enforcement.

5. Hangzhou (Torch) Xidou Door Film Industry Co., Ltd. (legal representative: Wang Shougen; registered address: Building 2, No. 602 Shunfeng Road, Qianjiang Economic Development Zone, Hangzhou) has registered capital of RMB 58.24 million and mainly undertakes the manufacturing of water treatment equipment, technical development, technical service and transfer of membrane separation technology, separation membrane and water treatment engineering technology products, and sales of separation membrane and water treatment engineering technology products. The main financial data as of December 31, 2020 are: operating revenue of RMB 83,204,194.62, net profit of RMB 79,817.25, total assets of RMB 69,251,119.63, net assets of RMB 51,323,448.2.

   Relationship with the Company: It is a legal person controlled by ChemChina, the actual control holder of the Company. According to the Article 10.1.3(2) of the Rules of Shenzhen Stock Exchange for the Listing of Stocks, it is a related party of the Company.

   Analysis of contract performance capability: To the best knowledge of the Company, Hangzhou (Torch) Xidou Door Film Industry Co., Ltd. produces and operates normally and is in good operational and financial conditions and thus has a good contract performance capability. After searching on the website of disclosure of enforcement information of China, it is not a dishonest party subject to enforcement.

6. Bluestar Engineering Co., Ltd. (legal representative: Bai Jianli; registered address: 4/F, Building 1, No.5 Anxiang Road, Zone B, Tianzhu Airport Industrial Zone, Shunyi District, Beijing) has registered capital of RMB 110 million and mainly undertakes engineering services in the fields of chemical industry, rubber tires, environmental pollution prevention and energy conservation, providing engineering general contracting service, engineering design, engineering consultation, etc. The main financial data as of December 31, 2020 are: operating revenue of RMB 607,159,384.8, net profit of RMB 24,507,339.53, total assets of RMB 520,461,565.87, net assets of RMB 158,150,152.91.

   Relationship with the Company: It is a legal person controlled by ChemChina, the actual control holder of the Company. According to the Article 10.1.3(2) of the Rules of Shenzhen Stock Exchange for the Listing of Stocks, it is a related party of the Company.

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

7. Syngenta AG (legal representative: n/a; registered address: Schwarzwaldallee 215 4058 Basel) has the registered capital of RMB 41.33 million and mainly undertakes the businesses related to crop protection, seeds. The main financial data as of the date December 31, 2020 are: operating revenue of RMB 98,588.87 million yuan, total assets of RMB 164,969.05 million yuan, net assets of RMB 29,296.80 million yuan, net income of RMB 9,812.65 million yuan.

   Relationship with the Company: It is a legal person controlled by ChemChina, the actual control holder of the Company. According to the Article 10.1.3(2) of the Rules of Shenzhen Stock Exchange for the Listing of Stocks, it is a related party of the Company.

   Analysis of contract performance capability: Syngenta AG and its subsidiaries produce and operate normally and are in good operational and financial conditions and thus have a good

contract performance capability. After searching on the website of disclosure of enforcement information of China, it is not a dishonest party subject to enforcement.

8. Sinochem Agriculture Holdings (legal representative: Ying Minjie; registered address: Room 818, No. 28 Fuxingmennei street, Xicheng district, Beijing) has registered capital of RMB 1,000 million and mainly undertakes sales of agricultural production materials; grain purchases; services for agriculture; technology development and technology consultation on soil improvement and restoration, etc. The main financial data as of December 31, 2020 are: operating revenue of RMB 5,094,280,996.17, net profit of RMB -243,010,713.62, total assets of RMB 8,085,801,965.85, net assets of RMB 82,190,310.56.

   Relationship with the Company: It is a legal person controlled by ChemChina, the actual control holder of the Company. According to the Article 10.1.3(2) of the Rules of Shenzhen Stock Exchange for the Listing of Stocks, it is a related party of the Company.

   Analysis of contract performance capability: To the best knowledge of the Company, Sinochem Agriculture Holdings produces and operates normally and is in good operational and financial conditions and thus has a good contract performance capability. After searching on the website of disclosure of enforcement information of China, it is not a dishonest party subject to enforcement.

9. Zhonglan International Chemical Co., Ltd. (legal representative: Yang Hongbin; registered address: No. 1205-1206, 12/F, No.62 North 4th Ring West Road, Haidian District, Beijing) has registered capital of RMB 100 million and mainly undertakes the wholesale chemical products, technology import and export, technology and information consulting services. The main financial data as of December 31, 2020 are: operating revenue of RMB 3,193,948,863.72, net profit of RMB 13,430,091.05, total assets of RMB 737,377,591.65, net assets of RMB 14,450,287.23.

   Relationship with the Company: It is a legal person controlled by ChemChina, the actual control holder of the Company. According to the Article 10.1.3(2) of the Rules of Shenzhen Stock Exchange for the Listing of Stocks, it is a related party of the Company.

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

10. Sinochem Chongqing Fuling Chemical Co., Ltd. (legal representative: Wang Ligang; registered address: No.2 Liming Road, Fuling, Chongqing) has registered capital of RMB 1,058 million and mainly undertakes the businesses related to phosphate and compound fertilizer with high concentration. The main financial data as of December 31, 2020 are: operating revenue of RMB 223,567,834.58, net profit of RMB 19,022,049.87, total assets of RMB 2,251,556,472.13, net assets of RMB 447,345,312.68.

    Relationship with the Company: It is a legal person controlled by ChemChina, the actual control holder of the Company. According to the Article 10.1.3(2) of the Rules of Shenzhen Stock Exchange for the Listing of Stocks, it is a related party of the Company.

    Analysis of contract performance capability: To the best knowledge of the Company, Sinochem Chongqing Fuling Chemical Co., Ltd. produces and operates normally and is in good operational and financial conditions and thus has a good contract performance capability. After

searching on the website of disclosure of enforcement information of China, it is not a dishonest party subject to enforcement.

11. China National Chemical Information Center (legal representative: Jie Yubin; registered address: No. 53 Anwai Xiaoguan Street, Chaoyang District, Beijing) has registered capital of RMB150 million and mainly undertakes the businesses related to chemical information analysis and consultation, software development and network technologies and services. The main financial data as of the date December 31, 2020 are: operating revenue of RMB 208,653,494.32, net profit of RMB 27,165,950.88, total assets of RMB 851,646,043.31, net assets of RMB 756,207,185.71.

    Relationship with the Company: It is a legal person controlled by ChemChina, the actual control holder of the Company. According to the Article 10.1.3(2) of the Rules of Shenzhen Stock Exchange for the Listing of Stocks, it is a related party of the Company.

    Analysis of contract performance capability: To the best knowledge of the Company, China National Chemical Information Center operates normally and is in good operational and financial conditions and thus has a good contract performance capability. After searching on the website of disclosure of enforcement information of China, it is not a dishonest party subject to enforcement.

12. Zhonglan Lianhai Design Institute Co., Ltd. (Legal Representative: Li Shourong; registered address: No.51, Chaoyang West Road, Haizhou District, Lianyungang) has registered capital of RMB128 million and mainly undertakes the businesses related to project consultation and evaluation, design and project management, engineering construction (excluding blasting), general contracting, technical services. The main financial data as of December 31, 2020 are: operating revenue of RMB 369,984,482.11, net profit of RMB 28,471,872.31, total assets of RMB 977,329,268.36, net assets of RMB 654,222,122.51.

    Relationship with the Company: It is a legal person controlled by ChemChina, the actual control holder of the Company. According to the Article 10.1.3(2) of the Rules of Shenzhen Stock Exchange for the Listing of Stocks, it is a related party of the Company.

    Analysis of contract performance capability: To the best knowledge of the Company, Zhonglan Lianhai Design Institute Co., Ltd. operates normally and is in good operational and financial conditions and thus has a good contract performance capability. After searching on the website of disclosure of enforcement information of China, it is not a dishonest party subject to enforcement.

## III. Main Content of Related-Party Transactions

1. Main content

    (1) All related-party transactions between the Group Companies and the relevant related parties should be carried out based on market terms and according to the principles of voluntariness, equality, mutual benefit, justice and fairness and without prejudice to the interests of the Company.

    (2) If there is any available state fixed price, then the state fixed price shall prevail; if the state fixed price is inapplicable or not applicable any more, then the market price shall prevail; if the market price is inapplicable or not applicable any more, then both parties shall determine the exact and fair pricing standards they believe to be based on relevant data.

2. Signing of transaction agreement

   The Group Companies will conclude contracts with the relevant related parties according to their production and operation requirements and their ordinary course business practices.

## IV. Purpose of Related-Party Transaction and its Impact on the Company

These related-party transactions are necessary for the daily business operation of the Group Companies. They mainly aim to capitalize on the Group Companies' unique positioning and profile, including as part of the Syngenta Group, achieve cost savings, increase the Company's sales and market share and to drive its profitable growth. Based on the understanding of the related-parties' business performance, credit status and performance capability, the Group Companies have selected them to conduct transactions in the ordinary course of business. The related-party transaction activities follow the principle of fairness and justice, they will not adversely affect the Company and its non-related party shareholders. The Board of Directors of the Company holds that the related-party transactions benefit the continuity and stability of the Company's business operations and has a positive impact on the normal operations of the Company. Those transactions will not impact the independence of the Company.

## V. Independent Directors' Opinions

The Company's independent directors have given separate opinions on the related party transactions matter: The Group's related-party transactions performed in the ordinary course of business are mainly to purchase or sell goods, materials and services from/to the related parties based on the principles of justice and fairness and the pricing standards consistent with those of non-related parties, in order to capitalize on the Group's unique positioning and profile including as part of the Syngenta Group, achieve cost savings, increase the Company's sales and market share and to drive its profitable growth. All such transactions shall conform to relevant national laws and regulations, as applicable, and market-oriented principles, and shall not influence the independence of the Company or damage the interests of the Group Companies and their other shareholders. The decision-making procedures for these related party transactions 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. We agree on this proposal and submit it to the General Meeting of Shareholders for deliberation.

## VI. Documents for Future Reference

1. The resolution made at the 31st Meeting of the 8th Session of the Board of Directors of the Company;

2. Independent directors' prior written approval;

3. Independent directors' opinions.

The Board of Directors of ADAMA Ltd.

March 31, 2021