ADAMA Ltd.

Special Report on Fund-raising and Actual Use of Funds

For the year ended December 31, 2021

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 (22) No. E00069

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. (Hereinafter referred to as "ADAMA") as at 31 December 2021 (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 (2022 Revised)'* of China Securities Regulatory Commission, *'Self-Regulatory Guidelines for Listed Companies on the Shenzhen Stock Exchange No. 1 - Standardized Operation of Listed Companies on the Main Board'* 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.

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 (2022 Revised)'* of China Securities Regulatory Commission, *'Self-Regulatory Guidelines for Listed Companies on the Shenzhen Stock Exchange No. 1 - Standardized Operation of Listed Companies on the Main Board'* 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 2021.

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: Mou Zhengfei

Chinese Certified Public Accountant: Ji Yuting

29 March 2022

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.

This Special Report on the Deposit and Actual Usage of the Raised Funds in 2021 was prepared in accordance with the *'Regulatory Guidelines for Listed Companies No.2-Regulatory Requirements for the Management and Use of Funds Raised by Listed Companies (2022 Revised)*' of China Securities Regulatory Commission and the *'Self-Regulatory Guidelines for Listed Companies on the Shenzhen Stock Exchange No. 1 - Standardized Operation of Listed Companies on the Main Board'* issued by the Shenzhen Stock Exchange. Below is an explanation regarding the deposit and actual use of the raised funds in 2021 (the "Reporting Period").

1. General information about the raised funds

(1) Amount and date of receiving the raised funds

After receiving the *approval of China Securities Regulatory Commission for the issuance of shares to China National Agrochemical Co., Ltd. acquire assets and raise supporting funds* (CSRC Permits [2017] No.1096), the Company issued 104,697,982 ordinary A shares in December 2017, at the price of RMB14.90 per share, raising a total amount of RMB 1,559,999,931.80. After deducting the underwriting fees of RMB 28,079,998.78, the net amount actually received was RMB 1,531,919,933.02. 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 (De Shi Bao (Yan) Zi (17) No.00540).

(2) The used amount of the raised funds in the Reporting Period

As at 31 December 2021, the Company has utilized a cumulative amount of RMB 1,618,081,782.44, including RMB 993,372,647.40 used in previous year and RMB 624,709,135.04 used in current year. The cumulative utilized amount was RMB86,161,849.42 more than the funds actually received due to the interest income generated. During the year, the Company paid RMB 34,556,767.6 as partial consideration for the acquisition of 51% equity stake in Adama Huifeng (Shanghai) Agricultural Technology Co., Ltd (former name: Shanghai Dibai Plant Protection Co., LTD., hereinafter: "Adama Shanghai") and paid RMB 590,152,367.38 as partial consideration for the acquisition of 51% equity stake in Adama Huifeng (Jiangsu) Co., Ltd (former name: Jiangsu Kelinong Agrochemical Co. Ltd, hereinafter: "Adama Huifeng"), both from Jiangsu Huifeng Agrochemical Co., Ltd. (hereinafter: "Huifeng").

According to *'Self-Regulatory Guidelines for Listed Companies on the Shenzhen Stock Exchange No. 1 - Standardized Operation of Listed Companies on the Main Board'*, after the completion of one individual or all of the designated fund-raising investment projects, if the remaining raised funds (including interest income) are less than RMB 5 million or less than 1% of the net raised funds, they can be exempted from the corresponding examination and approval procedures including approval by the board of directors and consent from the independent directors, the board of supervisors, the sponsor or the independent financial adviser, and the use of the funds shall be disclosed in the annual report. The balance of the raised funds as of August 10, 2021 amounting to RMB 890,781.48(including interest income) was transferred into the general bank account of the Company for the permanent supplement of working capital. Subsequently, the special account of the raised funds at Sanwan sub-branch Jingzhou Branch China Construction Bank Co. Ltd. was closed after the transfer.

At at 31 December 2021, all raised funds of the Company have been used up. For details of the overall use of the raised funds, please refer to "Appendix 1: Comparison Table for Use of Raised Funds"

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 made a *Management and Utilization Policy for the Raised Funds* in accordance with the laws and regulations and regulatory documents, such as the *Management Measures for Initial Public Offering of Shares and Listing, the Notice on Further Standardization of the Use of Raised Funds for Listing Companies* and the *Listing Rules of Shenzhen Stock Exchange* etc. The management policy, which was approved at the 25th Meeting of the Seventh Board of Directors, provides detailed regulations on the deposit, use, change of designated projects and the management and supervision of the raised funds.

The Company signed the *Trilateral Supervision Agreement on the Special Account of Raised Funds* with Sanwan sub-branch Jingzhou Branch China Construction Bank Co. Ltd. and Guotai Junan Securities Co., Ltd. on 22 January, 2018, and the four party *Supervision Agreement on the Special Account of Raised Funds* with Guotai Junan Securities Co., Ltd. , Shanghai branch of HSBC Bank (China) Company Limited, ADAMA AGAN LTD and ADAMA MAKHTESHIM LTD on 25 June, 2018. All the parties were in strict compliance with the agreements mentioned above during the Reporting Period.

As at 31 December 2021, the special accounts of the raised funds are as follows:

Bank	**Account number**	**Initial deposit amount**	**Balance as of December 31,2021 (RMB)**
Sanwan sub-branch Jingzhou Branch China Construction Bank Co. Ltd.	42050162610109000999	1,531,919,933.02	Closed
Shanghai branch of HSBC Bank(China) Company Limited	715-039582-001	-	-
Shanghai branch of HSBC Bank(China) Company Limited	715-039574-001	-	-

3. Changes and termination of certain designated projects for the use of raised funds for

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 amount of RMB 400.08million) to pay the consideration of the equity transfer of Jiangsu Anpon Electrochemical Co., Ltd. The Company completed the payment process on August 28, 2019.

On May 20, 2020, the Annual Shareholders Meeting approved a Proposal on the Termination of the Use of Raised Funds for Certain Designated Projects included in the Project of Share Issuance for Assets Purchase and Supporting Finance. The Company will no longer use of the raised funds for the following previously designated projects: Projects of product development and registration, and fixed-asset Investment of ADAMA Agricultural Solutions Ltd. (the "Solutions").

The 4th Interim Shareholders Meeting on 16 November, approved a Proposal on the Use of the Raised Funds for the Acquisition of the 51% Equity Stake in Adama Huifeng as well as that in Adama

Shanghai. In order to efficiently use the raised funds, the Company plans to use the balance of the raised funds, in the amount of approximately RMB 893,731,302.67 (balance as at 30 September 2020, including interest income and the actual amount is subject to the bank settlement balance on the date of transfer), and which are no longer designated for previously approved projects according to the resolutions of the Company's Board and Shareholders meeting held on April 27, 2020 and May 20, 2020 respectively, for the payment for the acquisitions of 51% equity stake in Adama Shanghai and 51% equity stake in Adama Huifeng.

For the detailed information of the changes of certain designated projects, please refer to the "Appendix 2: Detailed Information of Changes in the Use of the Funds for certain designated Project".

4. Problems in the use and disclosure of raised funds

The Company has timely, truly, accurately and completely disclosed relevant information regarding the raised funds. The management of the raised funds does not violate the regulations of China Securities Regulatory Commission or Shenzhen Stock Exchange.

5. The concluding opinion of the independent financial adviser on the special verification report issued by the company on the deposit and actual use of the annual raised funds

Guotai Junan Securities Co., Ltd. (hereinafter referred to as "Guotai Junan"), the independent financial adviser of the Company, verified that the deposit and use of the funds raised by the Company in 2021 complied with the *'Regulatory Guidelines for Listed Companies No.2-Regulatory Requirements for the Management and Use of Funds Raised by Listed Companies (2022 Revised)' of China Securities Regulatory Commission* and the *'Self-Regulatory Guidelines for Listed Companies on the Shenzhen Stock Exchange No. 1 - Standardized Operation of Listed Companies on the Main Board'* issued by the Shenzhen Stock Exchange, and that the raised funds were stored and used in special accounts. There is no disguised change in the use of the raised funds and damage to the interests of shareholders, and there is no illegal use of the raised funds.

Board of Directors of ADAMA Ltd.

March 29, 2022

Appendix 1: 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 Reporting Period			62,471	
Total amount of raised funds designated to a different project during the Reporting Period			-			Accumulated investment amount of raised funds			161,808	
Accumulated amount of raised funds designated to a different project			129,381							
Percentage of accumulated amount of raised funds designated to a different project			83%							
Designated fund-raising investment projects	Whether the project has been changed, including partially changed (if any)	Total committed investment amount	Total investment amount after adjustment (1)	Investment amount for the Reporting Period	Accumulated investment amount as at the end of the Reporting 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	100%	2019	N/A	N/A	No
Acquisition of 51% Adama Shanghai and 51% Adama Huifeng	No	-	89,373	62,471	90,071	100%	N/A	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	Yes	93,507	13,103	-	13,103	100%	Terminated	N/A	N/A	Yes
ADAMA fixed asset investment project	Yes	66,204	5,913	-	5,913	100%	Terminated	N/A	N/A	Yes
Payment for transaction cost, taxes and fees	No	13,600	12,713	-	12,713	100%	——	N/A	N/A	N/A
Subtotal of nonpublic offering investment project		198,291 (Note1)	161,110	62,471 (Note 2)	161,808	——	——	——	——	——

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.

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 has been completed and delivered for use in May 2020.

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 would not to use raised funds on the project. (4) Investment for the Relocation of Beer Sheb Plant and Its Integration with Neot Hovav 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 terminates the use of raised funds on this project. The proposal on terminating the above projects has been approved by the shareholders of the Company, on May 20, 2020. The Company will no longer use of the raised funds for the following previously designated projects: Projects of product development and registration and fixed-asset Investment of Solutions.

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 was 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	On August 10,2021, the Company transferred the remaining balance of the raised funds of RMB 890,692.57 (including interest income) into the general bank account of the Company for the permanent supplement of working capital. The special account of the raised funds at Sanwan sub-branch Jingzhou Branch China Construction Bank Co. Ltd. was closed after the transfer. As of December 31,2021, all the raised funds has been used up.
Other issues in the usage and disclosure of the raised funds	N/A

Note 1: 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.
Note 2: The utilized amount during the year was 62,471 RMB'0000, including interest income of 681 RMB'0000. Therefore, the accumulated investment amount as at the end of the reporting period was slightly higher than the total investment amount.

Appendix 2: Detailed Information of Changes in the Use of the Funds for certain designated Project

Unit: RMB'0000

New Designated projects	**Original designated project**	Total committed investment amount (1)	Investment amount for the Reporting Period	Accumulated investment amount as at the end of the Reporting Period (2)	Investment progress as at the end of the Reporting Period (%) (3) = (2)/ (1)	Date of projects reaching intended useable condition	Realized benefits of the Reporting 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	100%	2019	N/A	N/A	No
Acquisition of 51% Adama Shanghai and 51% Adama Huifeng	Product development and registration project ADAMA fixed asset investment project	89,373	62,471	90,071	100%	N/A	N/A	N/A	N/A
Total	——	129,381	62,471	130,079	——	——	——	——	——
The reason for changes, decision-making procedure, and disclosure of information (according to the specific investment project)		<u>Consideration of the acquisition of Anpon</u> 1.Project of the Construction of Huai'an Pesticide Formulation Center Adama (Jiangsu) Agricultural Solutions 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.							

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)	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 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. <u>Acquisition of 51% Adama Shanghai and 51% Adama Huifeng</u> On May 20, 2020, Annual Shareholding Meeting 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 termination of the use of the raised funds for the certain designated projects, the remaining unused raised funds (including the resulting interest) will continue to be deposited in the corresponding raised funds account. The Company will actively deliberate on new investment projects which the remaining raised funds can be used for. 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.

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)	Decision-making procedure: On October 28, 2020, the 27th meeting of the 8th session of the Board of Directors and the 14th meeting of the 8th session of the Board of Supervisors approved a Proposal on the Use of the Raised Funds for the Acquisition of the 51% Equity Stake in Adama Huifengas well as that inAdama Shanghai. In order to efficiently use the raised funds, the Company plans to use the balance of the raised funds, in the amount of approximately RMB 893,731,302.67 (balance as at 30 September 2020, including interest income and the actual amount is subject to the bank settlement balance on the date of transfer), and which are no longer designated for previously approved projects according to the resolutions of the Company's Shareholders meeting held on May 20, 2020, for the payment for the acquisitions of 51% equity stake in Adama Shanghai and 51% equity stake in Adama Huifeng from Huifeng. This proposal had been approved by the 4th Interim Shareholders Meeting on 16 November, 2020. Information disclosure of the Company: The detailed information please refer to *Announcement on the Use of the Raised Funds for the Acquisition of the 51% Equity Stake in Jiangsu Kelinong Agrochemical Co., Ltd. as well as that in Shanghai Dibai Plant Protection Co., Ltd.,* published on the Cninfo (http://www.cninfo.com.cn), 29, October, 2020.
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