Hubei Sanonda Co, Ltd.

Currency Risk Hedging Policy

1. General

a. **Accounting Exposure** is the currency exposure arising from currency exchange rate fluctuation effect on the value of monetary assets and liabilities in the balance sheet which are denominated (or indexed) to currencies that are different from the reporting currency of the applicable subsidiary/ies of the Company nominated in USD. The exposure becomes an accounting exposure immediately after the monetary asset/liability was booked into the accounting system.

b. **Economic Exposure** is the business exposure to changes in profit or loss arising from future income and expenses that is in different currencies than the reporting currency of the applicable subsidiary/ies of the Company, and which were not recorded in the accounting system (such as due to signed contract, binding offers, open orders, work plan, acquisitions and investments).

c. **Monetary Assets and Liabilities** – all balance sheet items that are part of the current & long-term assets and the current & long-term liabilities, except for inventory (inventory is part of the economic exposure) and long-term reserves.

d. **Nominal Hedge –** Absolute hedging for drastic FX rate change.

e. **Effective Hedge** – Hedging against small changes in the FX rate (increase or decrease). This hedging measurement is based on the delta equivalent of all open positions.

2. Purposes of the Policy

The purposes of this Policy are to create a controllable Policy in order to mitigate the effect of foreign currencies exchange rates on cash flow and profit of the applicable subsidiary/ies of the Company nominated in USD.

3. Authority to Approve Hedging Transactions

a. The Board of Directors of the Company is hereby authorized to supervise and/or approve hedging transactions with respect to total amount of assets and liabilities of the Company that shall not be more than 50% of the total gross assets (i.e. total balance sheet) of the consolidated financial reports of the Company, that were last approved and published before the date of each resolution with respect to the matter herein.

Such hedging transactions shall be conducted and approved by the CFO of the Company and the financial persons of the applicable subsidiary, on an on-going basis as shall be required, in accordance with Internal Provisions to be determined as provided in Section 7 hereof.

b. Any other hedging transactions with respect to assets and liabilities of the Company in amounts greater than the amount mentioned in said item a., shall require the approval of the Board of Directors and the Shareholders of the Company.

4. Hedging Policy

Derivatives permitted to be used:

a. High effective tools – including (inter alia) Forwards, Swaps, Loans and deposits.
b. Low effective tools – including (inter alia) Options, Exotic options, Options strategies (includes sell and buys).
c. Speculative activities are strictly forbidden!

5. Personnel

The personnel that shall be involved in the hedging transactions are as follows:

a. The Company's CFO, as the head of the hedging committee, and the Corporate Finance Manager of ADAMA Agricultural Solutions Ltd. ("**Solutions**") ("**CFM**") are responsible for the implementation and monitoring of the policy.

b. The Group Currency Risk management team ("**CCR**") will be headed by the CFM and shall include the treasurer of Solutions. The CCR is the operative team to implement the hedging activity and that shall be required to conduct weekly meetings in this respect.

All Group's personnel who are handling hedging activities must be trained on a yearly basis. If required, presentations shall be made, from time to time, from an internal or external expert addressing hedging issues.

6. Currency Risk Management Process

The currency risk management process shall include, inter alia, the following:

a. Conducting weekly, monthly and quarterly meetings of the applicable teams in order to monitor and examine the portfolio and the transactions.
b. Conducting transactions shall be based, among other things, on an external expert (or other system) theoretical pricing and/or banks/brokers quotes, as the case may be.
c. The financial department shall keep the records and documentation with respect to the process and transactions.

7. Authorization for Establishing Internal Procedures

Hedging transactions shall be conducted in accordance with this policy and with internal provisions to be determined and approved by the President & CEO and/or the CFO of the Company ("**Internal Procedures**"). Such Internal Procedures shall include, inter alia, procedures with respect to periodically working procedures to quantify the exposures; hedging activities using derivatives; reporting at the level of the Company and Group; accounting; records and controls (and alerts). Such Internal Procedures are intended to create a common language between management and the executing team with respect to hedging transactions and to create clear measurement tools for main parameters under the Policy. The Internal Procedures shall further include the procedures for their periodically update, as shall be required from time to time.

8. Public Disclosure

a. Periodical Disclosure (in the Company's annual and/or quarter reports) - The Company shall disclose information related to traded derivative transactions in its periodic reports. Related disclosure should include the following items, if applicable:
    i. Derivatives held at the end of the reporting period. The Company shall disclose by categories the quantity of derivatives held, contract amount, maturity date, and the percentage of investment in derivatives against net assets at the end of the reporting period. The way and standards for classification should also be disclosed.
    ii. Fair value change of combination of the traded derivatives and its hedging assets, and its impact on profit and loss for the current period.

iii. Risk analysis and control measures, including but not limited to market risks, liquidity risks, credit risks, operational risks, legal risks and etc.

iv. Open market value change or fair value change of the derivatives. Fair value analysis of the derivatives should include the methodology and related assumptions and parameters.

v. Explanation for any significant changes in accounting policies and principles, compared with last reporting period.

vi. Independent Directors' opinion on the investment in derivative financial instruments and related risk controls.

vii. Other contents required by SZSE.

b. In the event that the total of fair value change of the derivatives and its hedging assets (if any), leads to total loss or floating loss being 10% of the most recent audited net assets of the Company, and the absolute amount exceeds RMB 10 million, the Company should timely disclose that in an interim announcement.

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December 28, 2017