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ADAMA Ltd.

Announcement on the Change of Certain Designated Projects

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

On March 19, 2019, the 12th meeting of the 8th session of the Board of Directors, and the 8th meeting of the 8th session of the Board of Supervisors of ADAMA Ltd. (the "Company") approved a proposal on the change of certain designated projects included in the Project of Share Issuance for Assets Purchase and Supporting Finance ("Designated Project"). It is hereby announced as follows.

I. Overview of the Change of Certain Designated Projects

1. General Information About the Raised Funds

After receiving the approval of China Securities Regulatory Commission for the issuance of 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 A shares in December 2017, at the issue price of RMB14.90 per share, raising a total amount of RMB1,559,999,931.80. After deducting the underwriting fees of RMB28, 079,998.78, the net amount received by the Company was RMB1, 531,919,933.02. The net amount was received on 27 December 2017 and was verified by Deloitte Touche Tohmatsu Certified Public Accountant LLP, who issued a capital verification report (De Shi Bao (Yan) Zi (17) No.00540).

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According to the Report of the Company on Share Issuance for Assets Purchase and Supporting Funds & Connected Transactions published by the Company on July 5, 2017, the Company planned to issue no more than 118,784,644 shares and raise no more than RMB 1,982.91 million in funds. The Company planned to use the raised funds on construction projects related to the main business of ADAMA Agricultural Solutions Ltd. (hereinafter referred to as "Solutions"), R&D projects and registrations, and fees for the intermediary agencies and transaction taxes.

2. Introduction on the Designated Project to be Changed

After careful analysis, the Company intends not to use the raised funds on the project of the construction of Huai'an pesticide formulation center and the project of fixed-assets investment-product A 600t/a. The details are as follows.

(1) Construction of Huai'an Pesticide Formulation Center

The committed investment is RMB 249.8 million and accounts for 12.6% of the total amount of the planned raised funds. As of the date of this announcement, the Company has not used any of the raised funds on this project. The remaining amount of the raised funds for the aforesaid project is therefore RMB 249.8 million.

(2) Fixed-Assets Investment-Product A 600t/a

The committed investment is RMB 150.28 million and accounts for 7.58% of the total amount of the planned raised funds. As of the date of this announcement, the Company has not used any of the raised funds on this project. The remaining amount of the raised funds for the aforesaid project is therefore RMB 150.28 million.

The total amount of the raised funds relating to the changed designated projects is RMB 400.08 million and together accounts for 20.18% of the total amount of the funds raised. The Company intends to use the above amount to pay towards the consideration of the equity transfer of Jiangsu Anpon Electrochemical Co., Ltd. (hereinafter referred to as "Anpon").

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3. Approval Procedures Relate to the Change of the Designated Projects

(1) The 12th meeting of the 8th session of the Board of Directors and the 8th meeting of the 8th session of the Board of Supervisors approved the change of the designated projects on March 19, 2019. The independent directors issued the independent opinions on that matter. The change of the designated projects is subject to the approval of the shareholders meeting, and since it relates to the payment of the consideration for the acquisition of a related party's equity, it constitutes a related-party transaction.

(2) The 12th meeting of the 8th session of the Board of Directors and the 8th meeting of the 8th session of the Board of Supervisors approved the Proposal on the Acquisition of 100% of the Equity Interests in Jiangsu Anpon Electrochemical Co., Ltd., in a Related-Party Transaction. The Company intends to acquire 100% of the equity interests of Anpon. The acquisition is not subject to the approval of the Company's shareholders. China National Chemical Corporation Ltd., as the supervising authority of the state-owned assets, its working meeting of the general manager has approved this Transaction. It has also completed the filling procedure of the assets appraisal.

II. Reason for the Change of the Designated Project

1. Situations of the Planned and Actual Investment on the Former Designated Project

(1) Situation of the Planned Investment

1.1 Project of the Construction of Huai'an Pesticide Formulation Center

The project was planned to be implemented by Adama Pesticide (Jiangsu) Co., Ltd, an indirectly wholly-owned subsidiary of the Company. It planned to invest RMB 332.3 million to set up a project of pesticide formulations with the annual production capacity of 45 thousand tons (to potentially be expanded to 60 thousand tons) in Yanhua New Material Industrial Zone of Huai'an Jiangsu Province. There are two major categories of its products:

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herbicide and fungicide/bactericide. The planned capital expenditure of this project was RMB 249.8 million, and accordingly the Company planned to use RMB 249.8 million of the raised funds on this project. The detailed composition of the investments is as follows:

	Items	Investment sum ('0000)	Raised funds planned to be used ('0000)
1	Investment on construction	31,145	24,980
1.1	Of which: the expense on equipment purchasing	12,148	7,280
1.2	The expense on installation engineering	3,948	12,600
1.3	The expense on construction engineering	8,763	
1.4	The other expenses on construction	6,286	5,100
2	The interest during the construction period	673	-
3	The base circulating fund	1,412	-
	Total	33,230	24,980

The local government's approval and environmental impact review relates to the project of the construction of Huai'an pesticide formulation center has been completed. The details are as follows.

	Authority Approval	Environmental Impact Review
Project of the construction of Huai'an pesticide formulation center	Approval of the Project of Pesticide Formulations of 60kt/a of Adama Pesticide (Jiangsu) Co., Ltd. (H.Y.G.T.Z.Fu No.[2014] 1)	Approval on the Environment Impact Report of the Project of Pesticide Formulations of 60kt/a of Adama Pesticide (Jiangsu)

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		Co., Ltd. (H.H.B.Fu No. [2014] 25)

The project was originally planned to be fully operational and ready for use in 2019. After being completed and put into operation, the future annual average revenue (excluding tax) is expected to be RMB 439.05 million, average annual profit is expected to be RMB 32.57 million, average annual net profit is expected to be RMB 24.43 million, annual average earnings before tax and interest (EBIT) is expected to be RMB 37.1million and annual average EBITDA is expected to be RMB 56.16 million. Total rate of return on investment is expected to be 11.17%, payback period after tax of the project is expected to be 7.61 years (including construction period), and the loan repayment period is expected to be 6.87 years (including construction period).

1.2 Fixed-Assets Investment-Product A 600t/a

The project was planned to be implemented by ADAMA Makhteshim Ltd., an indirectly wholly-owned subsidiary of the Company. It planned to invest US$ 26.5 million (RMB 150.28 million) to expand the production capacity of Product A to 600 tons in the area where ADAMA Makhteshim Ltd. is located. The detailed composition of the investment is as follows:

US$ ’0000

	2017	2018	2019
Fixed-Assets Investment-Product A 600t/a	-	1,000	1,650

The project was originally planned to be completed in 2019. After being completed and put into operation, the future annual average revenue (excluding tax) is expected to be US$64.28 million, average annual profit (EBIT) is expected to be US$24.16 million, average annual net profit is expected to be RMB24.43 million, annual average earnings before tax and interest (EBIT) is expected to be US$25.36 million. IRR is expected to be 30%, and

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payback period after tax of the project is expected to be 6.8 years (including construction period).

(2) Situation of the Actual Investments

As of the date of this announcement, the raised funds have not been used on the project of the construction of Huai'an pesticide formulation center, and the Company has been investing in projects with its own funds, currently with an accumulated investment amount of 323.36 million, accounting for 97% of the investment amount. The project is expected to be fully operational in 2019.

Regarding the Project of the Fixed-Assets Investment-Product A 600t/a, since Product A is an innovative product, the market needs a certain amount of time for the wide acceptance of innovative products, and given the extreme weather in the European market, when the Company has implemented the Product A 300 t/a capacity expansion project, it has not yet decided to implement the 600 t/a capacity expansion project immediately, which will result in a delay in the investment of this project. As of the disclosure date of this announcement, the cumulative investment amount of this project is zero.

2. Reasons for the Change of the Designated Projects

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, and the project is expected to be fully operational and ready for use in 2019.

2. Fixed-Assets Investment-Product A 600t/a

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The project also needs to be carried out through the Company's capital increase for its subsidiaries, involving the relevant approval process for funds exit, which takes a long time. Product A is an innovative product. The market needs to accept innovative products for a certain period. 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.

III. Situations of the New Designated Projects

1. Overview

Jiangsu Anpon Electrochemical Co., Ltd. is a wholly-owned subsidiary of China National Agrochemical Co., Ltd., the controlling shareholder of the Company. Its main business is the production and sales of pesticides and fine chemicals. Its registered capital is RMB 251.38 million, and its net asset value on December 31, 2018 is RMB 447.6474 million.

Based on the assets appraisal report (Zhong Fa Ping Bao Zi [2018] No.115) ("Appraisal Report") issued by DeveChina International Appraisals ("DeveChina") (who is qualified to conduct business in relation to securities and futures) for this Transaction (the benchmark date of which is December 31, 2017), the appraisal valuation is aligned with the appraisal result of asset-based approach. The book value of Anpon's net assets is RMB 384,645,000 and the appraisal value of Anpon's net assets is RMB 820,036,300.

The benchmark date of the above-mentioned Appraisal Report is December 31, 2017, which has already expired. For the interests of the Company and all its shareholders, the Company engaged DeveChina to appraise the value of all Anpon equity interests owned by Anpon's shareholders, and DeveChina issued an assets appraisal report (Zhong Fa Ping Bao Zi [2019] No.013) ("Updated Appraisal Report") (the benchmark date of which is December 31, 2018).

The benchmark date of the Updated Appraisal Report is December 31, 2018, adopting both the asset-based and income approaches in the valuation. The appraisal valuation is aligned with the appraisal result of the asset-based approach. Based on the Updated Appraisal Report, as of December 31, 2018, Anpon's book value of total asset is RMB 1,362,914,500, the book value of total debt is RMB 915,267,100, the book value of net

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assets is RMB 447,647,400; the appraised value of total assets is RMB 1,775,914,600, the appraised value of total debt is RMB 895,976,500, the appraised value of net assets is RMB 879,938,100. Compared with the book value, the appraisal value of net assets increased by RMB 432,290,700, an increase of 96.57%.

Based on the appraisal valuation (the benchmark date of which is December 31, 2018), the appraisal valuation of Anpon does not have any adverse effect on the interests of the Company and its shareholders. Therefore, the purchase price of this Transaction which was determined to be aligned with the appraisal valuation (the benchmark date of which is December 31, 2017) will not harm the interests of the Company and its shareholders, especially the minority shareholders. The purchase price of this Transaction is determined as RMB 820,000,000.

The Company will pay the above consideration in two installments. The first installment is RMB 415,000,000 and shall be paid by the Company on April 15 or any other date agreed by the Company and CNAC. The second one is RMB 405,000,000 and shall be paid by the Company when the relevant conditions set out in the Share Purchase Agreement are met. The Company intends to use RMB 400.08 million of the raised funds to pay part of the first installment.

For details of the arrangement of the payment and the main contents of the Share Purchase Agreement, please refer to the Announcement on the Acquisition of 100% of the Equity Interests in Jiangsu Anpon Electrochemical Co., Ltd., in a Related-Party Transaction published by the Company on www.cninfo.com.cn on March 21, 2019.

2. Feasibility of the Anpon Acquisition Project

Anpon is located in Huai'an City, Jiangsu Province, and its business covers chlor-alkali, chemical intermediates, pesticides and other fields. The main products are chlor-alkali products: caustic soda, liquid chlorine, hydrochloric acid; chemical intermediates: o-toluidine, epichlorohydrin, hexachlorocyclopentadiene, isocyanate series, flame retardant series, etc.; pesticide products: insecticides (Pyridoxine, buprofezin, endosulfan, etc.);

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herbicides (glyphosate, ethersulfuron, etc.); growth regulators (ethene, etc.). Anpon’s sales in 2018 were RMB 1.507 billion, and its net profit was RMB 48.01million.

Anpon’s series of insecticides, herbicides and growth regulators account for about 34% of annual sales in 2018; chlorine products and chemical intermediates account for 66% of 2018 annual sales. Anpon's business is complementary to the Company's main business.

(1) Serves to Eliminate Horizontal Competition

The acquisition of Anpon serves to eliminate horizontal competition between the Company and its controlling shareholder. This is the performance of the commitments made by the controlling shareholder of the Company in the Major Assets Restructuring Report in 2017. The controlling shareholder committed: “The company’s subsidiaries Jiangsu Anpon Electrochemical Co., Ltd., Jiangsu Huaihe Chemical Co., Ltd., Jiangsu Maidao Agrochemical Co., Ltd., Anhui Petrochemical Group Co., Ltd. and Jiamusi Heilong Pesticide Co., Ltd. and its subsidiaries are the same or similar to those of the main business of the Company. In view of the domestic competition in the same industry, the company promises that in the next four years, in accordance with the requirements of securities laws and regulations and industry policies, appropriate methods shall be adopted to gradually solve the horizontal competition."

In 2017 and 2018, the amount of related-party transaction on the purchase of raw materials between the Company and Anpon is RMB 136 million and RMB 242 million. After the completion of the acquisition, such transactions between the Company and Anpon will no longer be related-party transactions which serves to solve the horizontal competition and protect the interests of the Company and public investors.

(2) High Synergy in the Main Business

Anpon's main business has a high degree of synergy with the Company's main business. Significant synergies are generated by selling Anpon's AgChem products through Adama's China domestic distribution channels as well as Adama's broad global network. In addition, the Company has almost completed the Huai'an Pesticide Formulation Center project which is expected to be fully operational in 2019. The Formulation Center and Anpon are in the same city Huai'an, which will form a supply chain synergy, realize the integration of

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upstream and downstream business of the Company from raw materials to products, and further promote the realization of the Company’s core strategy which regards China as a significant global business supply base.

The acquisition is in line with the Company's business development strategy, which is conducive to the Company's further development of the domestic market, and further enhances its core competitiveness. The acquisition is also in line with the interests of the Company and shareholders.

3. Risks and Counter Measures

1、Risks of the Market and Industry Competition

Anpon's main business is the production and sales of active ingredients and chemical intermediates, and the Company has a full range of high quality and efficient herbicides, pesticides and fungicides. The implementation of the acquisition will help the Company expand its product range and improve the distribution of agrochemical products domestically and abroad. However, in the fragmented off-patent agrochemical product market, Anpon and the Company are also facing fierce competition and risks relating to competitors' product launches and market environment changes. The Company will promote the sharing of market and customer channels between the Company and Anpon according to the advantages of Anpon's products, the products differentiation, and the Company's management so as to improve and protect the overall competitive advantage and profitability of related businesses and products.

2. Risks of Registration Policy

Since the testing, production and sales of agrochemical products are subject to strict supervision, including the requirement to obtain and hold the production licenses required for various products and the registration certificates required for the sale, and considering the environmental protection authority has tended to adopt more stringent surveillance in recent years, therefore the applicable regulatory requirements and regulatory environment may change from time to time which may result in the risks that affect the production and sales of the products. The Company has built a comprehensive product registration team around the world, continuously assessing the regulatory compliance of the countries in which the

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products are sold, and continually modifying the applicable registration content to avoid the product sales without complying with regulatory requirements. The company will continue to strive to meet environmental regulatory requirements by building, operating and transforming its production and environmental protection facilities.

3. Risks of Financial Integration

After the completion of this transaction, the Company and Anpon need to align in the aspects of financial systems, investment, financing methods, fund management, profit management, which will entail risks. For reducing these risks, the Company will work with Anpon to actively define the financial authority, financial positions and functions, fund management policy and information disclosure policy, and provide the role of the Chairman of the Board, general manager and financial controller, as well as the scope of the core issues of the Anpon.

4. Risks of Finance Integration

After the completion of this transaction, the Company and Anpon need to align in the aspects of financial system, investment, financing methods, fund management, profit management, which will entail uncertain risks. For reducing the risks, the company will work with Anpon to actively define the financial authority, financial positions and functions, fund management policy and information disclosure policy, and provide the role of the chairman of the board, general manager and financial controller, as well as the scope of the core issues of the Anpon.

5. Risks of Assets Appraisal

Section III of this announcement elaborates the appraisal situation of Anpon assets. Although the appraiser’s assumptions on the valuation of assets followed the principle of prudence, there is still a risk that the assets valuation may be higher than the net assets value of the book.

IV. Economic Analysis

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Anpon is a comprehensive chemical enterprise mainly based on chlor-alkali chemical industry and supplemented by pesticides and refined products. It has its own salt-halogen mine and has strong resource advantages. The Company's representative agrochemical products include ethephon and chlorpyrifos. The production scale of ethephon is currently among the best in the world. The consolidated financial status of Anpon in the past three years is shown in the following table:

Unit: RMB ‘0000

Items	2016	2017	2018
Revenue	136,441.19	164,345.59	150,747.17
Total Profit	3,170.10	4,299.46	6,665.08
Net Profit	2,543.36	3,802.96	4,801.45

Anpon’s total profit and net profit have increased in the past three years. In 2018, the total profit growth rate was 55%, and the net profit growth rate reached 26%. Therefore, the transaction will increase the overall size of the Company. After the completion of the transaction, the Company's asset size and scale will be improved, and the Company's overall profitability will be enhanced as well.

IV. Opinions of the Independent Directors, the Board of Supervisors, and the Independent Financial Advisor

1. Opinion of the Independent Directors

The Independent Directors are of the opinion that the change of the designated projects is the result of a prudent decision made in light of the operational needs of the company, taking into account the actual use of the original fundraising project. Terminating using the raised funds on the relevant projects will help improve the efficiency of the use of raised funds, optimize the financial structure, and promote the overall efficiency of the company. It is in line with the Company's development strategy and can create greater benefits for the Company and shareholders. The change fulfilled the necessary procedures, in line with the relevant provisions of the “Guidelines for the Standard Operation of Listed Companies on the Main Board of Shenzhen Stock Exchange”, and did not violate the relevant provisions of

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the China Securities Regulatory Commission, the Shenzhen Stock Exchange and the Company's Policy on the Use of the Raised Funds. When the Board of Directors considered this matter, the deliberation procedure was legal and effective, and there was no situation that harmed the legitimate interests of the Company and minority shareholders. Therefore, the independent directors agreed to the change of the designated projects, and agreed to submit the relevant proposal to the Shareholders Meeting for approval.

2. Opinion of the Board of Supervisors

The Board of Supervisors is of the opinion that the change of the designated projects is based on the Company's development needs and the actual situation of the designated projects, which is conducive to improving the efficiency of the use of raised funds, promoting the long-term development of the Company, and in line with the interests of all shareholders of the Company. The contents of the proposal and the decision-making procedures for the change are in accordance with the requirements of the relevant laws and regulations and regulatory documents of the China Securities Regulatory Commission and the Shenzhen Stock Exchange, and there is no damage to the legitimate interests of the Company and minority shareholders.

3. Opinion of the Independent Financial Advisor

The change of the designated projects fulfilled the necessary decision-making procedures and related information disclosure obligations of the Company. The Board of Directors, the Board of Supervisors, and the independent directors all issued clear consents. The change of the designated projects is subject to the approval of the shareholders meeting. The independent financial advisor has no objection to the change of the designated projects.

V. Documents for Reference

1. Resolution of the 12th Meeting of the 8th Session of the Board of Directors of the Company;
2. Resolution of the 8th Meeting of the 8th Session of the Board of Supervisors of the Company;

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3. Opinion of the Independent Directors;

4. Verification Report issued by Guotai Junan Securities Co., Ltd.

Board of Directors of ADAMA Ltd.

March 21, 2019

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