Stock Code: 000553(200553) Stock Abbreviation: ADAMA A (B) NO. 2022-2

ADAMA Ltd.
Announcement on Signing of an Entrusted Operation and Management Agreement with a Related Party

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.

I. Overview of the Related Party Transaction

During the Major Asset Restructuring of ADAMA Ltd. ("**Company**") in 2017, the Company's indirect controlling shareholder China National Chemical Corporation ("**ChemChina**") issued an undertaking that it would gradually solve the situation of horizontal competition between the Company and Jiangsu Anpon Electrochemical Co., Ltd., Jiangsu Huaihe Chemical Co., Ltd., Jiangsu Maidao Agrochemical Co., Ltd., Anhui Petroleum & Chemical Group Co., Ltd. ("**Anhui Petro & Chemical**") , Jiamusi Heilong Agrochemical Co., Ltd. respectively by appropriate means, including but not limited to management entrustment and other commercially feasible means within the committed period (as detailed in the Preliminary Plan on Share Issuance for Asset Acquisition and Co-financing as a Related-Party Transaction disclosed by the Company on October 15th, 2016 on the website of www.cninfo.com.cn).

During the undertaking period, ChemChina has solved the situation of horizontal competition between the Company and the following enterprises, including Jiangsu Anpon Electrochemical Co., Ltd., Jiangsu Huaihe Chemical Co., Ltd., Jiangsu Maidao Agrochemical Co., Ltd. and Jiamusi Heilong Agrochemical Co., Ltd. (as detailed in the 2020 Annual Report disclosed by the Company on March 31st, 2021). For the horizontal competition between Anhui Petro & Chemical, to give full play to the Company's management capabilities and operational advantages, and to timely honor the undertaking made by ChemChina, China National Agrochemical Co., Ltd. ("**CNAC**"), the wholly-controlled subsidiary of ChemChina and the sole direct shareholder of Anhui Petro & Chemical intends to entrust the operation and management of Anhui Petro & Chemical to

the Company.

On December 31st , the 7th meeting of the 9th session of the Board of Directors of the Company approved a proposal regarding the signing of an Entrusted Operation and Management Agreement ("**Agreement**"), by and between the Company and CNAC, according to which, during the entrustment period, ADAMA shall be entrusted with the management rights held by CNAC over Anhui Petro & Chemical and shall have the right to guide and instruct Anhui Petro & Chemical. ADAMA shall receive entrustment fees from CNAC in consideration for such services ("**Transaction**").

CNAC is the indirect controlling shareholder of the Company. According to the Listing Rules of the Shenzhen Stock Exchange, CNAC is therefore a related party to the Company, and this Transaction constitutes a related-party transaction.

Among the five directors of the Company, the related-party directors, Mr. Erik Fyrwald and Mr. Chen Lichtenstein, refrained from voting, while among the remaining votes of the three directors, there were three affirmative votes, zero negative votes and zero abstentions. The independent directors also issued their independent opinion.

The Transaction is within the approval line of the Board of Directors and is not subject to the approval of the shareholders.

The Transaction does not constitute a Material Assets Restructuring as stipulated by the Administrative Measures on Significant Asset Restructuring of Listed Companies.

II. Introduction to the Related Party

1. Company Name: China National Agrochemical Co., Ltd.

2. Nature of Enterprise: Limited liability company (controlled by enterprise)

3. Date of Establishment: January 21, 1992

4. Registered Capital: RMB 41,821,159,860.91

5. Legal Representative: Chen Hongbo

6. Unified Social Credit Code: 91110000100011399Y

7. Registered Address: 62 Beisihuan West Road, Haidian District, Beijing.

8. Business Scope: Agricultural chemicals, chemical products and chemical raw materials (excluding hazardous chemicals), mechanical and electrical equipment, electrical

equipment, automatic control system, instruments and meters, building materials, industrial salt, natural rubber and products, computer software and hardware, office automation equipment and textile raw materials; chemical fertilizer sales; cargo storage; import and export business; technical consulting, technical services, technical development and technical testing; production of transgenic farming Product seeds (except for the six areas in the central city of Beijing); sales of crop seeds, grass seeds and edible fungus strains. (market subjects independently select business projects and carry out business activities according to law; projects that must be approved according to law shall carry out business activities according to the approved contents after being approved by relevant departments; they shall not engage in business activities of projects prohibited and restricted by national and municipal industrial policies.)

9. Key Financial Figures:

The most recent financial situation of CNAC is as follows:

(RMB (million))

	At Sep 30, 2021	**At Dec 31,2020**
Total Assets	537,508	509,384
Total Liabilities	356,997	331,703
Shareholders' Equity	180,511	177,681
	Jan to Sep 2021	**Year 2020**
Revenue	139,504	154,406
Total Profit (pre-tax income)	5,624	3,392

10. Related-party Relationship: CNAC is a related party of the Company in accordance with Item 1 of Article 10.1.3 of the Listing Rules of Shenzhen Stock Exchange.

11. Credit Status: According to a search conducted on the website of publication of enforcement information in China, CNAC is not a debtor subject to enforcement.

Ⅲ. Basic Information on the Target of the Related-Party Transaction

1. Company Name: Anhui Petroleum & Chemical Group Co., Ltd.

2. Nature of Enterprise: Limited liability company (invested or controlled solely by enterprise without any nature persons)

3. Date of Establishment: October 8, 2003

4. Registered Capital: RMB 107,412,700

5. Legal Representative: Huang Zhaoming

6. Unified Social Credit Code: 913400007548671294

7. Registered Address: 62 No. 3086 Yangshan Road, Luyang District, Hefei City, Anhui Province.

8. Business Scope: licensed business items: coal sales. General business items: production and sales of petrochemical products, chemical mining products, sulfur and phosphorus products, chemical fertilizers and raw and auxiliary materials (excluding dangerous goods); sales of metal materials, building materials, instruments and meters, general machinery and hardware tools; chemical scientific research, development, design, consulting and service; real estate investment; pesticide R &D and sales; import and export business.

9. Shareholding Structure:

Shareholding structure of Anhui Petro & Chemical is as follows:

No.	Shareholder's Name	Holding Percentage
1.	CNAC	100%

10. Key Financial Figures:

The most recent financial situation of Anhui Petro & Chemical is as follows:

(RMB (million))

	At Sep 30, 2021	At Dec 31,2020
Total Assets	524	537
Total Liabilities	121	182
Shareholders' Equity	403	355
	Jan to Sep 2021	**Year 2020**
Revenue	215	342
Total Profit (pre-tax income)	57	120

11. Credit Status: According to a search conducted on the website of publication of

enforcement information in China, Anhui Petro & Chemical is not a debtor subject to enforcement.

IV. Pricing Basis of the Related-Party Transaction

In view of the lack of comparable market price for this Transaction, based on the current operation status and the financial situation of Anhui Petro & Chemical, through negotiation following the principles of voluntariness, fairness and justice, the parties determined the price of this Transaction. The price does not damage the interests of the Company and non-related shareholders.

V. Main Contents of the Entrusted Operation and Management Agreement

Party A: China National Agrochemical Co., Ltd.

Party B: ADAMA Ltd.

Main Terms:

1. Entrusted Entity: CNAC as the entrusting party, ADAMA as the entrustee and Anhui Petro & Chemical as the target company.

2. Entrustment Method:

(1). During the entrustment period, ADAMA shall be entrusted with the management rights held by CNAC over Anhui Petro & Chemical and shall have the right to guide and instruct Anhui Petro & Chemical, subject to ADAMA's full discretion. ADAMA shall receive entrustment fees from CNAC in consideration for such services, all in accordance with the Agreement.

(2). Anhui Petro & Chemical is an independent enterprise legal person which enjoys the ownership of enterprise legal person property. It is acknowledged that any claims, debts and legal liabilities in connection with Anhui Petro & Chemical shall be borne by Anhui Petro & Chemical itself. During the entrustment period, all shareholder's rights and obligations of CNAC in respect of Anhui Petro & Chemical shall remain vested only in CNAC unless otherwise agreed in the Agreement.

(3). Entrusted Management Service Scope: During the entrustment period, CNAC entrusts ADAMA to provide managerial services on aspects including without limitation business, financial, human resources and organizational management, etc.

3. Entrustment Fee and Payment:

(1). During the entrustment period, the entrustment fee shall be paid by CNAC to ADAMA. The entrustment fee shall be calculated as equal to the amount of RMB equivalent to USD 500,000 per year. The actual amount of entrustment fees shall be calculated based upon the actual number of days for the entrustment and the above applicable entrustment fee rate.

(2). The above entrustment fee shall be settled on a quarterly basis, and shall be paid by CNAC to ADAMA within fifteen (15) days after the end of each quarter. CNAC shall procure Anhui Petro & Chemical to reimburse ADAMA, or otherwise reimburse ADAMA, for all out-of-pocket costs or expenses incurred by ADAMA or on its behalf in connection with the services on a quarterly basis.

4. Effectiveness: The Agreement shall become effective on the date on which all of the following conditions are met: (1) signing of the Agreement; and (2) ADAMA completes the internal approval process required by the Articles of Association.

5. Termination: The entrustment period under the Agreement shall be twenty-four (24) months, unless any of the following occurs earlier: (i) the controlling stake of Anhui Petro & Chemical has been transferred from CNAC to a third party which is not an affiliate of CNAC; or (ii) the potential horizontal competition issue between ADAMA and Anhui Petro & Chemical has been eliminated by other means recognized by the securities regulatory authorities. Without derogating from the legal rights of the relevant parties to terminate the Agreement, including upon breach, ADAMA shall have the right to terminate the Agreement for any reason with advance written notice to the other parties of at least ninety (90) days. The parties agree that during the entrustment period, CNAC shall seek a commercially feasible solution to ultimately solve the potential situation of horizontal competition between Anhui Petroleum and the Company in a timely manner, including but not limited to the divestment of all shares or the controlling stake of Anhui Petroleum to a third party from CNAC.

VI. Purpose of the Transaction and Its Impact on the Company

The signing of the Entrusted Operation and Management Agreement regarding Anhui Petro & Chemical with CNAC is in the interest of resolving the potential horizontal competition between Anhui Petro & Chemical and the Company, while giving full play to the Company's management capabilities and operational advantages.

VII. Status of the Different Kind of Related Party Transactions between the Company and SinoChem Holdings

The status of different kinds of executed related party transactions between the Company and subsidiaries of Sinochem Holdings Corporation Ltd., the Company's ultimate controlling shareholder, are as follows:

1. The Company and ADAMA Anpon (Jiangsu) Co. Ltd.'s deposits and loans in ChemChina Finance Co., Ltd. As of the date of this announcement, the balance of deposits remains RMB 32,486,556.74 and USD 24,068,474.46, which have been approved by the 3rd Interim Shareholders Meeting in 2020;

2. The occurred related party transactions with subsidiaries of SinoChem Holdings in the ordinary course of business is RMB 2,836.98 million. The estimated related party transaction amount in the ordinary course of business approved by the 2020 Annual Shareholders Meeting is RMB 3,539.1 million.

3. Syngenta Group (NL) B.V., a subsidiary of the Company's controlling shareholder Syngenta Group Co., Ltd., agreed to set up committed credit facilities in the favor of Adama Fahrenheit B.V., a wholly-owned subsidiary of the Company, in the aggregate amount of USD 100 million, which has been approved at the 5th Meeting of the 9th Session of the Board of Directors of the Company.

VIII. Independent Directors' Opinions

The Company's independent directors have given separate opinions on the Transaction:

1. The signing of the Entrusted Operation and Management Agreement regarding Anhui Petro & Chemical between the Company and CNAC constitutes a related-party transaction.

2. The deliberation procedures at the Board of Directors on the related-party transaction meet relevant laws, regulations and the Company's Articles of Association. The related directors, Mr. Erik Fyrwald and Mr. Chen Lichtenstein, refrained from voting

3. The signing of the Entrusted Operation and Management Agreement regarding Anhui Petro & Chemical with CNAC is in the interest of resolving the potential horizontal competition between the companies. The transaction arrangements, including the price, are fair. The transaction will not harm the interests of the Company, the non-related

shareholders, and the medium-small shareholders.

IX. Documents for Future Reference

1. The resolution of the 7th Meeting of the 9th Session of the Board of Directors of the Company.
2. Independent directors' opinion and their prior written approval.
3. The Entrusted Operation and Management Agreement.

It is hereby announced.

The Board of Directors of ADAMA Ltd.

January 4th, 2022