Stock Code: 000553(200553) Stock Abbreviation: ADAMA A (B) NO. 2021-50

ADAMA Ltd.

Announcement on the Signing of a Financial Service Agreement with Sinochem Finance Co., Ltd., constituting a related-party transaction

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. Basic Information on the Transaction

Following approval of the 26th Meeting of the 8th Session of the Board of Directors on August 19, 2020, and of the 3rd Interim Shareholders Meeting in 2020 on September 7, 2020, ADAMA Ltd. (hereinafter referred to as "the Company") and its wholly-owned subsidiary, ADAMA Anpon (Jiangsu) Ltd. (hereinafter referred to as "Anpon") signed the Financial Service Agreement with ChemChina Finance Co., Ltd. (hereinafter referred to as "the Original Agreement") in September, 2020, for a three-year term.

According to the Original Agreement, ChemChina Finance Co., Ltd. provides relevant financial services to the Company and Anpon, including deposits (accumulated daily maximum deposit balance and interest of not more than RMB 400 million in principle), clearance, credit (accumulated annual credit lines not exceeding RMB 900 million) and other relevant financial services approved by the China Banking and Insurance Regulatory Commission. For details, please refer to the *Announcement of Resolutions of the 26th Meeting of the 8th Session of the Board of Directors* (Announcement No.2020-40), *Announcement on the Intended Renewal of the Financial Service Agreement with ChemChina Finance Co., Ltd., constituting a related-party transaction* (Announcement No.2020-42) and *Announcement on the Resolutions of the 3rd Interim Shareholders Meeting in 2020* (Announcement No.2020-50).

Following the completion of the equity transfer of China National Chemical Corporation Ltd. and Sinochem Group Co., Ltd. to Sinochem Holdings Corporation Ltd. (hereinafter referred

to as “Sinochem Holdings”), to further meet the management and development needs of Sinochem Holdings, optimize the financial management of the Company, improve the efficiency of its capital use, and reduce financing costs and risks, the Company intends to sign a *Financial Service Agreement* (hereinafter referred to as "Financial Service Agreement") with Sinochem Finance Co., Ltd. (hereinafter referred to as the "Finance Company"), according to which the Finance Company shall provide relevant financial services to the Company and its subsidiaries, including deposits (accumulated daily maximum deposit balance and interest of not more than RMB 1.5 billion in principle), clearance, credit (accumulated credit lines not exceeding RMB 2 billion) and other relevant financial services approved by the China Banking and Insurance Regulatory Commission (hereinafter referred to as "the Transaction"). The *Financial Service Agreement* shall be for a three-year term. After the conclusion and entry into force of the *Financial Service Agreement*, the Company shall sign a termination agreement with ChemChina Finance Co., Ltd. to terminate the Original Agreement.

The Finance Company is a subsidiary controlled by Sinochem Holdings, the indirect controlling shareholder of the Company through Syngenta Group Co., Ltd.. According to the *Listing Rules of the Shenzhen Stock Exchange*, the Finance Company is therefore a related party to the Company due to them both being under the common control of Sinochem Holdings, and the Transaction constitutes a related-party transaction.

The Transaction has been reviewed and approved by the 6th Meeting of the 9th session of the Board of Directors of the Company. Among the five directors of the Company, there were five affirmative votes, zero negative votes and zero abstentions. The independent directors had a prior review of the Transaction and issued independent opinions.

The Transaction requires the approval of the Company’s shareholders. Syngenta Group Co., Ltd. will refrain from voting.

The Transaction does not constitute a major asset reorganization as stipulated in the *Management Measures for Major Asset Restructuring of Listed Companies*.

II. Description of the Related Party

1. Basic Information of the Related Party

Name of the Related Party: Sinochem Finance Co., Ltd.

Registered Address: 3/F, Central Tower, Chemsunny World Trade Center, No.28 Fuxingmennei Street, Xicheng District, Beijing

Ownership Property: Other Limited Liability Company

Unified Social Credit Code: 911100007109354688

Licensed Financial Institution Code: L0091H211000001

Legal Representative: Yang Lin

Registered Capital: RMB 6,000 million

Date of Establishment: June 4th, 2008

Business scope: handling financial and financing consultants, credit certificates and related consulting and agency services for member companies; assisting member companies in receiving and paying transaction funds; providing guarantees to member companies; handling entrusted loans and investments among member companies; handling bill acceptance and discounting for member companies; internal transfer settlement among member companies and design of corresponding settlement and liquidation arrangement; absorption of deposits from member companies; offering loans, financing and leasing for member companies; inter-bank lending; underwriting corporate bonds; issuing finance company bonds upon approval; equity investment in financial institutions; investment in marketable securities; buyer's credit for member companies' products. (Market Entities shall independently select operating projects and carry out business activities in compliance with laws; operating projects that are subject to approval according to laws and the approval of relevant departments; No engagement in any business activity that is forbidden or restricted by the state and municipal industry policies is allowed.)

Credit status: After searching on the website of disclosure of enforcement information of China, it appears that the Finance Company is not a debtor subject to enforcement.

2. Shareholders and their Shareholding Proportion

The Finance Company is jointly owned by two subsidiaries of Sinochem Holdings. The shareholders and their shareholding proportion are as follows:

Sinochem Corporation 72% and Sinochem Capital Co., Ltd. 28%.

3. Financial Status of the Finance Company

The most recent financial situation of the Finance Company is as follows:

Currency: RMB

	At Sep 30, 2021	At Dec 31,2020
Total Assets (billion)	35.824	38.341
Total Liabilities (billion)	26.128	28.682
Shareholders' Equity (billion)	9.696	9.659
Capital Adequacy Ratio	21.13%	18.24%
	Jan to Sep 2021	2020
Revenue (million)	760.9070	919.7181
Total Profit (pre-tax income) (million)	538.6824	924.7442

4. Relations between the Related Parties

The controlling shareholder of the Company, Syngenta Group Co., Ltd., is a subsidiary indirectly controlled by Sinochem Holdings. The Finance Company is a subsidiary indirectly controlled by Sinochem Holdings. Therefore, both the Company and the Finance Company are ultimately controlled by Sinochem Holdings.

III. Basic Information on the Subject of the Transaction

The Finance Company shall provide the Company and its subsidiaries with relevant financial services including deposits, clearance, credit and other relevant financial services approved by the China Banking and Insurance Regulatory Commission, all in accordance with the provisions of the *Financial Service Agreement*.

IV. Main Content and Pricing Principle of the Transaction Agreement

ADAMA Ltd. ("Party A") and Sinochem Finance Co., Ltd. ("Party B") intend to sign the *Financial Service Agreement*, such that Party B shall provide Party A and its subsidiaries relevant financial services in accordance with the terms and conditions thereof.

For the avoidance of ambiguity, Party A's subsidiaries refer to its wholly-owned subsidiaries, controlling or share-holding subsidiaries. Party A and its subsidiaries shall comply with the provisions of the *Administrative Measures on Finance Companies of Enterprise Group* regarding the group member entities.

1. Scope of Services

Party B shall provide Party A and its subsidiaries with the following financial services:

(1) Deposit:

Party A and its subsidiaries shall open separate deposit accounts in Party B. The accounts shall be used for deposit of funds with the freedom to deposit and withdraw at any time. The type of the account may be demand deposit, time deposit, notice deposit and agreement deposit etc...

Subject to regulatory requirements, the deposit interest rate provided by Party B to Party A and its subsidiaries shall not be lower than that of the same type: (i) identified by the People's Bank of China during the same period; or (ii) in major domestic commercial banks during the same period;

Party A and its subsidiaries' daily maximum deposit balance and interest in Party B shall not be more than RMB 1.5 billion yuan in principle;

Party B shall deposit all funds that Party A and its subsidiaries shall have deposited into accounts of commercial banks that are established with approval by the China Banking and Insurance Regulatory Commission, such as China Construction Bank, Bank of China, Bank of Communications, etc. Party B shall ensure the security of the deposit of Party A and its subsidiaries;

Party A shall have the right to terminate this Agreement if Party B fails to pay the principal of or the interest on the deposits due to Party A and its subsidiaries in full and on time, and Party A or its subsidiaries affected by such failure shall have the right to offset any loan rendered to any of them by Party B with such overdue principal and interest of the deposits payable to them in accordance with laws;

If Party A and/or Party A's subsidiaries suffers economic losses due to other breach of contract by Party B, the latter shall compensate Party A for the full amount of such losses and Party A shall have the right to terminate this Agreement.

(2) Clearance:

Party B shall provide payment, collection and other supporting services related to the clearance in accordance with Party A and its subsidiaries' instructions;

Party B shall provide Party A and its subsidiaries with free clearance services mentioned above;

Party B shall ensure the safety of network operation for fund clearance, guarantee fund security, control risks of assets and liabilities and satisfy Party A and its subsidiaries' payment demands.

(3) Credit:

In accordance with relevant national laws and regulations, Party B may provide Party A and its subsidiaries with comprehensive credit service according to their operation and development needs. Party A and its subsidiaries may use the credit line defined by Party B for loans, bill acceptance, bill discounting, guarantees and other forms of financing services.
Party B shall prioritize Party A and its subsidiaries' needs within its own financial capacity;
Party B shall provide Party A and its subsidiaries with a preferential interest rate of loans that should not be higher than that of the same-grade of the same type loan obtained by Party A and its subsidiaries in other domestic financial institutions during the same period of time;
The accumulated credit lines set by Party B to Party A and its subsidiaries shall not exceed RMB 2 billion yuan;
Party B and Party A and its subsidiaries shall sign separate loan agreements and other agreements concerning specific matters of credit service as required to provide the services.
(4) Other Financial Services:
The Parties may agree from time to time during this Agreement that Party B shall provide Party A and its subsidiaries with other relevant financial services ("Other Financial Services") within its business scope in accordance with Party A and its subsidiaries' instructions and requirements, subject to the execution of a separate written agreement between the Parties with respect to the nature, scope and fees regarding the Other Financial Services;
The fees charged by Party B for the Other Financial Services shall not be higher than those charged by major financial institutions in China for the same type of services.
2. Term of Validity
This Agreement shall take effect upon affixing contractual seals by both Parties and satisfaction of the following conditions: (1) This Agreement is approved by the board of directors and the general meeting of shareholders of Party A in accordance with the listing rules and applicable laws and regulations. (2) Party B shall comply with relevant compliance requirements.
This Agreement shall be valid for three years from the effective date.

V. Risk Assessment and Risk Prevention Measures

On December 22, 2021, the 6th Meeting of the 9th Session of the Board of Directors of the Company approved the Finance Company's risk appraisal report, stating that: (i) the Finance Company holds a valid *Financial Institution License* and a *Business License*; (ii) no violation of the "*Administrative Measures on Finance Companies of Enterprise Group* " promulgated by the China Banking Regulatory Commission has been identified; and (iii)

its various regulatory indicators are in line with the requirements of Article 34 of the Measures.

The 6th Meeting of the 9th Session of the Board of Directors of the Company approved the *Contingency Plan for Deposits at Sinochem Finance Co., Ltd.* to protect the safety and liquidity of the Company and its subsidiaries' deposits in the Finance Company.

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

By signing the *Financial Service Agreement*, the Finance Company will provide financial services to the Company and its subsidiaries, which is conducive to optimize the financial management of the Company, reduce the cost of capital and improve the efficiency of its financing. The transaction is aligned with the interests of the Company and all shareholders, and will not have a negative impact on the regular business activities and financial situation of the Company.

VII. Status of Different Kinds of Executed 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 are as follows:

1. The Company and Anpon's deposits 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. From January 1, 2021 till November 30, 2021, 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 provided independent opinions on the Transaction:

1. The Finance Company is a normative non-banking financial institution approved by the China Banking and Insurance Regulatory Commission. The rendering of financial services by the Finance Company to the Company and its subsidiaries according to the *Financial Service Agreement* is within its business scope and complies with related laws and regulations;
2. The *Financial Service Agreement* to be signed follows the principle of equality and voluntariness, and is based on the principles of fairness and transparency. It does not harm the interests of the Company or its minority shareholders; the Transaction is conducive to increasing the Company's return on capital and improving its financing capabilities;
3. The Finance Company's risk appraisal report fully reflects the Finance Company's operating qualifications, business and risk status. As a non-banking financial institution, its business scope, business content and procedures, internal risk control system and other measures are all subject to strict supervision by China Banking and Insurance Regulatory Commission. Under the above-mentioned risk control conditions, the independent directors approve that the Finance Company will provide relevant financial services to the Company and its subsidiaries;
4. The *Contingency Plan for Deposits at Sinochem Finance Co., Ltd.* formulated by the Company can effectively and timely prevent, control and resolve the Company's financial risks and secure its funds;
5. The decision-making procedures for the Transaction conform to the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China* as well as the *Articles of Association of the Company* and other laws and regulations. The independent directors agree to submit the proposal to the Company's shareholders for approval.

IX. Documents for Future Reference

1. Resolution of the 6th Meeting of the 9th Session of the Board of Directors of the Company;
2. Independent Directors' Prior Written Approval;
3. Independent Directors' Opinions;

4. *Financial Service Agreement* to be Signed.

The Announcement is hereby made.

The Board of Directors of ADAMA Ltd.

December 24, 2021