

# ADAMA Ltd.

## Independent Opinions on the Relevant Issues of the 12<sup>th</sup> Meeting of the 8<sup>th</sup> Session of the Board of Directors

In accordance with the *Company Law of the People's Republic of China*, *Guidance on Establishing the Independent Director System in Listed Companies*, and other laws, regulations and normative documents, as well as the *Articles of Association* and *Independent Director System*, we, as the independent directors of ADAMA Ltd.(hereinafter referred to as "Company"), give our independent opinions on the relevant proposals of the 12<sup>th</sup> Meeting of the 8<sup>th</sup> Session of the Board of Directors from the standpoint of independent judgment:

1. Independent Opinions on the Utilization of the Company's Capital for Non-Operating Purposes by the Controlling Shareholder and the Related Parties of the Company and External Guarantee Provided by the Company in 2018

(1) Utilization of the Company's Capital for Non-Operating Purposes by the Controlling Shareholder and the Related Parties of the Company

In 2018, the Controlling shareholder and related parties of the Company didn't utilize the Company's capital for non-operating purpose. The statement issued by Deloitte Touche Tohmatsu accurately reflected the above status.

Capitals transferred between the Company and its controlling shareholder and related parties in 2018 were the demands of normal business with fair price. The transactions followed the legal procedure and didn't harm the interests of the

Company and its shareholders.

(2) External Guarantee

The Company strictly controlled the guarantees provided to others according to the relevant laws and regulations as well as the *Articles of Association of the Company*. As of the date December 31, 2018, no guarantees were provided by the Company and/or its subsidiaries for the favor of entities not consolidated in the Company's financial statements. The balance of external guarantees was RMB1,200.42 million, accounting for 5.57 % of the latest audited net assets of the Company.

We are of the opinion that, in 2018, all of the Company's external guarantees were legally provided and properly disclosed. The external guarantees provided by the Company didn't harm the interests of the Company and its shareholders, especially the minority shareholders.

2. Independent Opinions on the Engagement with Deloitte Touche Tohmatsu (special general partnership) for the Audit of 2019 Financial Statements and Internal Control of the Company

With the review of the relevant qualifications of Deloitte Touche Tohmatsu, we are of the opinion that Deloitte Touche Tohmatsu is qualified to independently provide audit services for a listed company and satisfy the work requirements of the Company.

The deliberation procedures for engaging Deloitte Touche Tohmatsu is in line with the laws and regulations as well as the *Articles of Association of the Company*, and without does not harm the interests of the Company and its shareholders. We approve to engage Deloitte Touche Tohmatsu for the Audit of 2019 Financial Statements and Internal Control of the Company

### 3. Independent Opinion on the Pre-Plan of the 2018 Dividend Distribution

The Company plans to take the total outstanding 2,446,553,582 shares of the Company dated February 28, 2019 as the basis, to distribute RMB0.97 (including tax) per 10 shares as cash dividend to all shareholders, resulting in a total cash dividend of RMB237,315,697.45 (including tax), and zero shares as share dividend, as well as no reserve transferred to equity capital.

The Pre-Plan of the 2018 Dividend Distribution is based on the Company's actual situation and business requirement, and is in line with *Company Law of the People's Republic of China*, *Chinese Enterprise Accounting Standards* and other related regulations. We agree the Pre-Plan of the 2018 Dividend Distribution.

### 4. Independent Opinion on the Changes of Accounting Policy

According to the actual situation and the provisions of the Accounting Standards for Enterprises, the Company has made reasonable changes in accounting policies, which embodies the principles of authenticity and prudence in accounting and provides more reliable and accurate accounting information. Such changes are in the interest of the Company and all shareholders. The deliberation procedure of the Board of Directors on this matter conforms to the provisions of relevant laws and regulations. We approve the change of the Company's accounting policy.

### 5. Independent Opinion on the Self-Assessment Report on the 2018 Internal Control of the Company

According to the requirements of the Basic Standards for Enterprise Internal Control issued jointly by the Ministry of Finance and the Securities Regulatory Commission and the Guidelines for Internal Control of Listed Companies issued by the Shenzhen Stock Exchange, and in light of the actual situation of the Company, the Board of Directors of the Company reviewed and evaluated the effectiveness of the Company's internal control, and issued the Self-Assessment Report on the 2018 Internal Control. We are of the opinion that:

In 2018, the Company formulated and improved the internal control system according to the actual operation situation, and its formulation procedures and contents meet the requirements of relevant laws and regulations. The Company has basically established and perfected the internal control system, which can play an effective role in controlling business risks and protect the interests of all shareholders. The Self-Assessment Report on the 2018 Internal Control conforms to the actual situation of internal control of the Company.

#### 6. Independent Opinion on the Status of the Deposit and Actual Usage of the Raised Funds in 2018

In accordance with the *Regulatory Guidelines for Listed Companies No.2—Regulatory Requirements for Management and Use of Raised Funds of Listed Companies* (Announcement of CSRC [2012] No.44, as well as the *Guidelines of the Shenzhen Stock Exchange for Standardized Operation of Companies Listed on the Main Board* issued by Shenzhen Stock Exchange, the Board of Director prepared a *Special Report on the Deposit and Actual Usage of the Raised Funds in 2018* (hereinafter referred to as the “Report”).

After review of the Report, we are of the opinion that the Report truly reflects the deposit, usage and management status of the raised funds. The related information on the deposit and usage of the raised funds disclosed by the Company is timely, authentic, accurate and complete. The deposit, usage and management of the raised funds are in line with relevant laws, regulations, and the *Rules on the Usage and Management of Raised Funds of the Company*, and does not harm the interests of shareholders.

#### 7. Independent Opinion on the Deposit of Funds (related-party transaction) with ChemChina Financial Company

According to the *Normative Operation Guidelines for the Main Board Listed Companies* and *No.2 Information Disclosure Memorandum on Transaction and Related-party Transaction*, based on the Special Report issued by Deloitte, we are of

the opinion that the deposit of funds in ChemChina Financial Company is fair and does not harm the interests of the Company and non-related shareholders.

#### 8. Independent Opinion on the Risk Appraisal Report of ChemChina Financial Co., Ltd.

For securing the safety of the funds of the Company deposited in ChemChina Financial Co., Ltd., the Company evaluated the business, qualifications, and the status of the risk of ChemChina Financial Co., Ltd., and issued a Risk Appraisal Report. We are of the opinion that:

(1) ChemChina Financial Co., Ltd. holds valid Finance License, Business License. China Banking Regulatory Commission strictly supervises the business scope, business procedures, internal risk control system of ChemChina Financial Co., Ltd.

(2) We did not find that ChemChina Financial Co., Ltd. has any significant defect in its risk management. Currently, the risk of the Company's related-party deposit in ChemChina Financial Co., Ltd. is controllable.

#### 9. Independent Opinion on the Investment in Derivative Financial Instruments and Related Risk Controls

The derivative investments carried by the Company are for hedging and avoiding the risk of market fluctuations. The investments respond to the Company's routine business demands and are in accordance with the relevant laws and regulations. Additionally, the Company has adopted Currency Risk Hedging Policy to strengthen the risk management and control which benefit the Company's ability to decrease the market risk. The derivative investments do not harm the interest of the Company and its shareholders.

#### 10. Independent Opinion on the Payment of the 2018 Bonus of Senior Executives by a subsidiary

The payment of the bonus of the three senior executives, Chen Lichtenstein、 Aviram Lahav、 Michal Arlosoroff by the subsidiary Adama Agricultural Solutions Ltd. is in line with the Remuneration Policy for Senior Executives of the Company, and meets the actual situation of the Company business operation. The relevant decision-making procedure is legal and valid. We approve the aforementioned payment.

#### 11. Independent Opinion on the Acquisition of 100% of the Equity Interests in Jiangsu Anpon Electrochemical Co., Ltd., in a Related-Party Transaction

The related-party directors have abstained from voting when deliberating and approving this Transaction and the voting procedures have complied with relevant laws and regulations. This Transaction is aligned with the Company's strategies of business operation and development and is in the interests of the Company and its shareholders. This Transaction's consideration is based on the appraisal result provided in the Appraisal Report, which is issued by a qualified appraiser and has been filed with competent state-owned regulatory authority. The consideration therefore is fair and does not damage the interests of the Company and its shareholders. Therefore, we approve this Transaction.

#### 12. Independent Opinion on the Change of Certain Designated Projects

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 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, we approve the change of the designated projects, and approve to submit the relevant proposal to the Shareholders Meeting for approval.

(The signature page of Independent Opinions on the Relevant Issues of the 12<sup>th</sup> Meeting of the 8th Session of the Board of Directors)

Independent Director Signature:

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Tang Yunwei

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Xi Zhen

March 19, 2019