

**ADAMA Ltd.**

Special Report on Fund-raising and Actual Use of Funds

For the year ended December 31, 2018

Note: The Accountant's Report will be issued in Chinese. This Accountant's Report is English translations prepared for the Company's management review purpose only and cannot be provided to third parties for other purpose. If there is any conflict between the Chinese and English version, the Chinese version shall prevail.

**Accountant's Report for Special Report on Fund-raising and Actual Use of Funds  
for  
ADAMA Ltd.**

De Shi Bao (He) Zi (19) No. E00045  
(Page 1 of 2 pages)

To the Board of Directors of ADAMA Ltd.:

We have attested the accompanying special report on fund-raising and actual use of funds for ADAMA Ltd. ((Former name: Hubei Sanonda Co., Ltd. hereinafter referred to as "ADAMA") as at 31 December 2018 (hereinafter referred to as 'Report on fund-raising and actual use of funds').

**1. Board of directors' responsibilities for the report on fund-raising and actual use of funds**

The board of directors of ADAMA is responsible for the preparation of the report on fund-raising and actual use of funds in accordance with '*Regulatory Guidelines for Listed Companies No.2-Regulatory Requirements for the Management and Use of Funds Raised by Listed Companies*' of China Securities Regulatory Commission (CSRC Notice [2012] No.44), '*Guidelines for the Standard Operation of the Companies Listed in Shenzhen Stock Exchange*' (2015 Amendment) issued by Shenzhen Stock Exchange and ensuring the contents in the report true, accurate and complete, no false records, misleading statements or major omissions.

**2. Auditor's responsibilities**

Our responsibility is to issue an attestation opinion for the report on fund-raising and actual use of funds on the basis of our special procedures. We conducted our certain procedures in accordance with *China Standard on Other Assurance Engagements No.3101- Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*, which requires us to comply with the code of professional ethics and design and implement the special procedures to obtain reasonable assurance about whether the report on fund-raising and actual use of funds are free from material misstatement.

During the attestation, we performed the procedures that we deem necessary to obtain the evidence on the amounts and disclosures in the report on fund-raising and actual use of funds. We believe that our procedures provide a reasonable basis for our opinion.

**Accountant's Report for Special Report on Fund-raising and Actual Use of Funds  
for  
ADAMA Ltd.**

De Shi Bao (He) Zi (19) No. E00045  
(Page 2 of 2 pages)

**3. Attestation Opinion**

We believe that the report on fund-raising and actual use of funds for ADAMA is prepared in accordance with '*Regulatory Guidelines for Listed Companies No.2-Regulatory Requirements for the Management and Use of Funds Raised by Listed Companies*' of China Securities Regulatory Commission (CSRC Notice [2012] No.44), '*Guidelines for the Standard Operation of the Companies Listed in Shenzhen Stock Exchange*' (2015 Amendment) issued by Shenzhen Stock Exchange and present fairly, in all material respects, the fund-raising and actual use of funds of ADAMA as at 31 December 2018.

**4. Scope of the report**

This report can be only used by ADAMA to report the fund-raising and actual use of funds to relevant regulatory authorities this time, and cannot be used for other purposes.

Deloitte Touche Tohmatsu CPA LLP  
Shanghai, China

Chinese Certified Public Accountant: Xu Yusun

Chinese Certified Public Accountant: Ma Renjie

March 19, 2019

The Company and Board of Directors ensure that the contents of information disclosures true, accurate and complete, no false records, misleading statements or major omissions.

The Board of Directors of ADAMA Ltd. (Former name: Hubei Sanonda Co., Ltd. , hereinafter referred to as the “Company”) prepared the Special Report on Deposit and Actual Use of Funds Raised from Non-Public Offerings as at 31 December 2018 in accordance with '*Regulatory Guidelines for Listed Companies No.2-Regulatory Requirements for the Management and Use of Funds Raised by Listed Companies*' of China Securities Regulatory Commission (CSRC Notice [2012] No.44), '*Guidelines for the Standard Operation of the Companies Listed in Shenzhen Stock Exchange*' (2015 Amendment) issued by Shenzhen Stock Exchange. Below is the special explanation for the fund-raising and actual use of funds as at 31 December 2018:

### 1. General information about the raised funds

After approval of China Securities Regulatory Commission on agreeing Hubei Sanonda Co., Ltd. to issue shares to China National Agrochemical Co., Ltd. to acquire assets and raise supporting funds (CSRC Permits [2017] No.1096), the Company publicly issued 104,697,982 ordinary shares domestically in December 2017, with the price of RMB14.90 per share. The total raised amount was RMB1,559,999,931.80, and the Company actually received RMB1,531,919,933.02 after deducting the underwriting fees of RMB28,079,998.78. The actually received amount has been arrived on 27 December 2017 and got the capital verification report issued by Deloitte Touche Tohmatsu Certified Public Accountant LLP (De Shi Bao (Yan) Zi (17) No.00540).

As at 31 December 2018, the Company has utilized the raised fund with a cumulative value of RMB317,292,647.40, and the balance that hasn't been used yet is RMB1,263,521,479.15, including interest income after deducting bank charges RMB20,814,194.75.

### 2. Deposit and management of the raised funds

In order to standardize the management and use of the raised funds and protect the rights of investors, the Company established a *Management System for Raised Funds of Hubei Sanonda Co., Ltd.* (hereinafter referred to as 'Management System for Raised Funds') in accordance with the laws and regulations and regulatory documents such as *Management Measures for Initial Public Offering of Shares and Listing*, *Notice on Further Standardize the Use of Raised Funds for Listing Companies* and *Listing Rules of Shenzhen Stock Exchange* etc. and the actual conditions of the Company. The management system has been approved at the 25th Meeting of the Seventh Board of Directors, which provides detailed regulations on the deposit, use, change of committed investment project, management and supervision of raised funds.

The Company signed *Regulatory Agreement on the Special Account of Raised Funds among the Three Parties* with Sanwan sub-branch Jingzhou Branch China Construction bank Co. Ltd. and Guotai Junan Securities Co., Ltd. Respectively on 22 January, 2018. And signed *Regulatory Agreement on the Special Account of Raised Funds among the Four Parties* with Guotai Junan Securities Co., Ltd. , Shanghai branch of HSBC Bank(China) Company Limited, ADAMA AGAN LTD and ADAMA MAKHTESHIM LTD on 25 June, 2018. All the parties are in strict compliance with the agreement mentioned above in current year.

As at 31 December 2018, the special accounts of raised funds are as follows:

<b>Bank</b>	<b>Account number</b>	<b>Balance (RMB)</b>
Sanwan sub-branch Jingzhou Branch China Construction bank Co. Ltd.	42050162610109000999	1,263,521,479.15
Shanghai branch of HSBC Bank(China) Company Limited	715-039582-001	-
Shanghai branch of HSBC Bank(China) Company Limited	715-039574-001	-

### **3. Actual use of the raised funds in the current year**

During the reporting period, the Company has actually used RMB 289,212,288.62 of the raised A-share funds. For the detailed information, please refer to the following table.

As at 31 December 2018, the balance of raised funds of the Company is RMB 1,263,521,479.15, which will continue to be used in the Fund-raising Investment Projects committed by the Company.

### **4. Changes in the use of funds for fund-raising investment projects**

There is no new changes in the use of funds for fund-raising investment projects for the current year.

### **5. Problems in use and disclosure of raised funds**

The Company has disclosed relevant information timely, truly, accurately and completely. There are no situations where the management of raised funds violates the rules.

Board of Directors of ADAMA Ltd.

19 March 2019

Board of Directors of ADAMA Ltd.  
 Special Report on Annual Fund-raising and Actual Use of Funds  
 For the year ended December 31, 2018

**Appendix 1: Comparison Table for the Use of Raised Funds**

**Comparison Table for the Use of Raised Funds**

**Unit: RMB'0000**

Total amount of raised funds			155,999.99			Total investment of raised funds for the current year	28,921			
Total amount of raised funds with change of purpose during the reporting period			-			Accumulated investment amount of raised funds	31,729			
Accumulated amount of raised funds with change of purpose			-							
Percentage of accumulated amount of raised funds with change of purpose			-							
Committed fund-raising investment projects	Whether the projects has been changed, including part change (if any)	Total committed investment amount	Total investment amount after adjustment (1)	Investment amount for the current year	Accumulated investment amount as at the end of the current year (2)	Investment progress as at the end of period(% ) (3)=(2)/(1)	Date of projects reaching intended useable condition	Realized benefits of the current year	Whether the expected benefits are achieved	Whether the feasibility of the project has changed significantly
Huaian pesticide preparation center project	No	24,980	24,980	-	-	-	2019	It will be clear after the completion of the project	N/A	No
Product development and registration project	No	93,507	93,507	13,103	13,103	14%	2019	It will be clear after the completion of the project	N/A	No
ADAMA fixed asset investment project	No	66,204	66,204	5,913	5,913	9%	2019	It will be clear after the completion of the project	N/A	No
Payment for transaction cost, taxes and fees	No	13,600	13,600	9,905	12,713	93%	—	—	N/A	No
Subtotal of nonpublic offering investment project		198,291 (Note1)	198,291 (Note1)	28,921	31,729	—	—	—	—	—

**Appendix 1: Comparison Table for the Use of Raised Funds – (cont'd)**

Situations failing to meet the planned schedule or achieve expected benefits and the reasons (according to the specific investment project)	N/A
Explanation of projects whose feasibility changed significantly	N/A(Note 2)
Amounts, usage and progress of the excess-raised funds	N/A
Changes of location of investment programs	N/A
Changes of implementation of the investment programs	N/A
Internal funds previously invested and replacement from the funds raised	The company held the fifth session of the eighth meeting of the Board of Directors on June 25th, 2018. During the session, it reviewed and approved the <i>Proposal on the Use of a Part of the Raised Funds to Replace the Self-Financed Fund Pre-invested into the Fund-raising investment Project</i> . Therefore, the company was allowed to replace its self-financed investment at the primary stage with 276.53 million yuan coming from the raised fund. As of June 30th, 2018, the replacement has completed and the same amount of cash has been transferred from a special account into a basic account controlled by the Company.
Use of idle funds to temporarily supplement working funds	N/A
Balance amount of raised funds and the reasons	N/A
Purpose and whereabouts of unused funds	Unused funds have been kept in special account for further project investment.
Other issues in the usage and disclosure of the raised funds	N/A

Note 1: The Company intends to raise funds of no more than 198,291 RMB'0000 in the supporting finance program, while the actual funds raised was 155,999.99 RMB'0000 on December 27, 2017.

Note 2: For improving the efficiency of the use of raised funds, the Company plans to change certain designated projects and use the accordingly raised funds to pay towards the consideration of the equity transfer of Jiangsu Anpon Electrochemical Co., Ltd. The 12<sup>th</sup> meeting of the 8<sup>th</sup> session of the Board of Directors, the 8<sup>th</sup> meeting of the 8<sup>th</sup> session of the Board of Supervisors, and the Independent Directors have approved the above change. The change is subject to the approval of shareholders.