

## **ADAMA Ltd.**

### **Announcement on the Fulfillment of Performance Commitments Related to a Controlled Subsidiary**

The Company and all members of its board of directors hereby confirm that all information disclosed herein is true, accurate and complete with no false recording, misleading statement or material omission.

At the 30<sup>th</sup> meeting of the 9<sup>th</sup> session of the Board of Directors of ADAMA Ltd. (hereinafter referred to as the “Company”) held on March 25<sup>th</sup>, 2024, the Resolution on the Fulfillment of Performance Commitments Related to a Controlled Subsidiary was considered and approved, and Deloitte Touche Tohmatsu Certified Public Accountants LLP (Special General Partnership) (hereinafter referred to as the “Deloitte”) issued the Special Report on Difference between Actual and Promised Gross Profits for Purchase of ADAMA Huifeng (Shanghai) Agricultural Technology Co., Ltd (De Shi Bao (He) Zi (24) No. E00116). Details are as follows:

#### **I. Overview of the Acquisition Transaction**

Pursuant to the resolutions of the 18<sup>th</sup>, 21<sup>st</sup> and 27<sup>th</sup> Meetings of the 8<sup>th</sup> Session of the Board of Directors of the Company, the Company signed the *Equity Purchase Agreement*, the *Supplementary Agreement to Equity Purchase Agreement* (“Supplementary Agreement (I)”) and the *Supplementary Agreement (II) to Equity Purchase Agreement* (“Supplementary Agreement (II)”) with Jiangsu Huifeng Bio-agriculture Co., Ltd. (hereinafter referred to as “Jiangsu Huifeng”) to acquire from Jiangsu Huifeng 50% of the equity interest in Shanghai Dibai Plant Protection Co. Ltd. (renamed to ADAMA Huifeng (Shanghai) Agricultural Technology Co., Ltd., hereinafter referred to as “ADAMA Huifeng (Shanghai)”) and signed the *Equity Purchase Agreement* in relation to the acquisition of 51% equity interest in Jiangsu Kelinong Agrochemical Co., Ltd. and 1% equity interest of ADAMA Huifeng (Shanghai). Upon completion of the above agreements, the Company holds 51% equity interest in ADAMA Huifeng (Shanghai).

For details of the above, please refer to the *Announcement of Resolution of the 18th Meeting of the 8th Session of the Board of Directors*(Announcement No. 2019-53), *Announcement on the Acquisition of 50% of the Equity Interests in Shanghai Dibai Plant Protection Co., Ltd.* (Announcement No. 2019-54), *Announcement of the Resolutions of the 21st Meeting of the 8th Session of the Board of Directors*(Announcement No. 2020-7), *Announcement on Signing the Supplemental Agreement to the Equity Purchase Agreement*(Announcement No. 2020-9), *Announcement of the Resolutions of the 27th Meeting of the 8th Session of the Board of Directors*(Announcement No. 2020-56), *Announcement on the Signing of the Second Supplemental Agreement to the Shanghai Dibai Equity Purchase Agreement*(Announcement No. 2020-60) and *Announcement on the Acquisition of a 51% of the Equity Stake in Jiangsu Kelinong Agrochemical Co., Ltd. and an Additional 1% in Shanghai Dibai Plant Protection Co., Ltd.* (Announcement No. 2020-59), which are all disclosed by Company through [www.cninfo.com.cn](http://www.cninfo.com.cn) separately on November 7, 2019, February 27, 2020 and October 29, 2020.

On December 31<sup>st</sup>, 2020, the Company obtained 51% equity interest in ADAMA Huifeng (Shanghai) and completed corresponding registration procedures with relevant market supervision administration. The relevant details were presented in the “*Announcement on the Closing of the Acquisition of 51% Equity Interests in Shanghai Dibai Plant Protection Co., Ltd.*” (Announcement No. 2021-1) disclosed on the [www.cninfo.com.cn](http://www.cninfo.com.cn) on January 5<sup>th</sup>, 2021.

## **II. Performance Commitment and Compensation**

Pursuant to *the Supplementary Agreement (I)* signed between the Company and Jiangsu Huifeng, Jiangsu Huifeng undertakes that the average annual gross profit of ADAMA Huifeng (Shanghai) generated by the business of Nongyi E-commerce (Beijing) Co., Ltd. (“Nongyi”), a minority-owned company of itself and Nongyi’s subsidiaries (hereinafter referred to as the “Nongyi Business”) for the year of 2021, 2022 and 2023 (“Gross Profit by Nongyi Business”) should be at least RMB 8.6 million (Nongyi Business Benchmark).

If the Gross Profit by Nongyi Business fails to reach the Nongyi Business Benchmark, Jiangsu Huifeng should pay the price to the Company in accordance with the following formula: the payable value by Jiangsu Huifeng ( “Price Adjustment Payment”) = (Nongyi Business Benchmark – Gross Profit by Nongyi Business) x 13. In addition, Jiangsu Huifeng should be liable for all the taxes and expenses which the Company will bear due to the Price Adjustment Payment.

## **III. Fulfillment of Performance Commitments**

According to *Special Report on Difference between Actual and Promised Gross Profits for Purchase of ADAMA Huifeng (Shanghai) Agricultural Technology Co., Ltd (De Shi Bao (He) Zi (24) No. E00116)* issued by Deloitte, the gross profit of ADAMA Huifeng (Shanghai) arising from the Nongyi Business during the period from 2021 to 2023 totaled RMB 10,907,117 yuan, with an average annual gross profit of RMB 3,635,706 yuan.

The main reason for the aforesaid variance was that the volume purchased by Nongyi Business from ADAMA Huifeng (Shanghai) fell short of the expected benchmark, resulting in the Gross Profit by Nongyi Business failing to meet Nongyi Business Benchmark.

## **IV. Performance compensation arrangement**

As of the date disclosing this announcement, the Company and Jiangsu Huifeng have disputes on price adjustment payment matters, and there is uncertainty in the final realization of the above-mentioned price adjustment payment. The Company will take necessary measures to claim and recover the price adjustment payment from Jiangsu Huifeng to safeguard the Company's interests. The Company will fulfill its information disclosure obligations to update the subsequent progress. Investors are advised to make decisions with caution and pay attention to investment risks.

It is hereby announced.

Board of Directors of ADAMA Ltd.  
March 27<sup>th</sup>, 2024