

ADAMA Ltd.

Announcement on an External Guarantee in a Related Party Transaction

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 or misleading statement or material omission.

I. Overview

On March 19, 2019, China National Agrochemical Co., Ltd. (“CNAC”), CNAC International Company Limited and the Company entered into an Equity Interest Transfer Agreement, according to which the Company shall acquire 100% of the equity interests in Jiangsu Anpon Electrochemical Co., Ltd. (“Anpon” and the “Transaction”).

Anpon has previously provided a limited amount joint liability guarantee to the Industrial and Commercial Bank of China Limited, Xuyi Branch (the “Bank”), in favor of Jiangsu Huaihe Chemicals Co., Ltd. (“Huaihe”), a subsidiary of the Company’s controlling shareholder, to ensure the repayment of loans provided to Huaihe by the Bank, the amount of which shall not exceed RMB 50 million (the “Guarantee Contract”).

For details on the Anpon equity interest transfer, please refer to the Announcement on the Acquisition of 100% of the Equity Interests in Jiangsu Anpon Electrochemical Co., Ltd., in a Related-Party Transaction published by the Company on March 21,

2019 on the website www.cninfo.com.cn

CNAC is currently negotiating with the Bank with respect to replacement of the guarantor under the Guarantee Contract, as the result of which CNAC will become the guarantor under the Guarantee Contract in the place of Anpon. As of the date of this announcement, all internal approval procedures of CNAC with regard to the above-mentioned replacement have been completed; and the corresponding internal approval procedures of the Bank are in process.

As such, the Company's controlling shareholder, CNAC, provided the Company with an undertaking in which it commits to indemnify the Company and/or Anpon and keep them harmless from any loss suffered by either due to the existence, amendment, performance or termination of the Guarantee Contract and any other negative impact due to the delay in the settlement thereof.

According to the Listing Rules of Shenzhen Stock Exchange, the 13th meeting of the 8th session of the Board of Directors approved a Proposal on an External Guarantee in a Related Party Transaction which allows Anpon to continue performing its obligations under the Guarantee Contract until its settlement mentioned above.

The above guarantee shall be further approved by the shareholders of the Company. CNAC, and Jingzhou Sanonda Holdings Co., Ltd. will refrain from voting.

II. Basic Information of the Warrantee

Name of the Warrantee: Jiangsu Huaihe Chemical Co., Ltd.

Established Date: February 2, 1991

Registered Address: Yutai County, Jiangsu Province

Legal Representative: Chen Hongbo

Registered Capital: RMB 24.7million

Business Scope: Manufacture and sale of chemical products

Relationship with the Company: The Company and Jiangsu Huaihe Chemical Co., Ltd. is under common control of CNAC. CNAC International holds 100% equity interest of Huaihe.

Credit status: After searching on the website of disclosure of enforcement information of China, Jiangsu Huaihe Chemical Co., Ltd. is not a dishonest party subject to enforcement.

Recent financial situation of the Warrantee is as follows:

Period	Total Assets	Total Debts	Net Assets	Assets Liability Ratio
By the end of Dec 31, 2018	RMB 532,864,944.85 Yuan	RMB 406,227,853.92 Yuan	RMB 126,637,090.93 Yuan	76%

III. Main Contents of the Guarantee Contract

The main contents of the Guarantee are as follows:

- (1) Maximum guaranteed amount: RMB 50 million.
- (2) Type of Guarantee: unconditional and irrevocable.
- (3) Guarantee Scope: the creditor's rights enjoyed by the Bank under the loan contracts and other documents signed by the Bank and Huaihe from December 6, 2016 to December 5, 2019.
- (4) Guarantee Period: two years.

IV. Accumulated Quantity of External Guarantees and Overdue Guarantees

Currently the balance of the guarantees that have been provided by the Company and/or its subsidiaries is RMB 1,517M. After providing the above guarantee, the balance of the guarantees provided by the Company and/or its subsidiaries is RMB 1,567M. This amount accounts for approximately 7.03% of the latest audited net assets of the Company.

Except the above guarantee, no guarantee is provided by the Company and/or its subsidiaries for the favor of entities not consolidated in the Company's financial statements.

The Company and its controlled subsidiaries do not have overdue guarantees.

V. Opinions of the Board of Directors and the Independent Directors

1. The Board of Directors are of the opinion that considering the Bank is processing the termination of the Guarantee Contract, and CNAC commits to indemnify the Company and/or Anpon and keep them harmless from any loss suffered by either due to the existence, amendment, performance or termination of the Guarantee Contract and any other negative impact due to the delay in the settlement thereof, the financial risk entailed by providing the above guarantee is controllable and will not harm the interests of the Company and shareholders.

2. The independent directors' opinions are as follows: The guarantee in favor of Huaihe approved by the Board of Directors of the Company is the continuation of the original guarantee provided by Anpon before the close of the Transaction. CNAC, the controlling shareholder of the Company, provided an Undertaking Letter to the Company. Therefore, neither the Company's independent status nor the interests of the Company and its shareholders is affected by the above guarantee. The decision-making procedures for the above guarantee conform to the Company Law of the People's Republic of China, the Listing Rules of Shenzhen Stock Exchange. The independent directors approved to submit the guarantee to the shareholders for further approval.

VI. List of Reference Documents

1. Resolution of the 13th Meeting of the 8th session of the Board of Directors of the

Company.

2. Independent directors' prior written approval;
3. Independent directors' opinions;
4. Undertaking Letter issued by CNAC

It is hereby announced.

Board of Directors of ADAMA,

Ltd.

March 30, 2019