

ADAMA Ltd.

Announcement on the Acquisition of 50% of the Equity Interests in Shanghai Dibai Plant Protection Co., Ltd.

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.

Please be aware:

1. In this Transaction (as defined below), the estimated purchase price of 50% of the equity interests in Shanghai Dibai Plant Protection Co., Ltd. ("Dibai" or "Target Company") after completion of its Restructuring (as defined below) ("Target Equities") shall be RMB 370 million, and the final purchase price shall be determined based on the net debt of Dibai at Closing Date (as defined below) in accordance with the EPA (as defined below), and is subject to the appraisal report on the Target Equities (as defined below) duly filed with the government entities to the ADAMA Ltd. ("Company") in charge of supervision and administration of state-owned assets or authorized entities ("Government Entities") ("Appraisal Report").

2. This Transaction requires further approval of the Government Entities.

3. Required government review from the perspective of anti-trust law in relation to this Transaction shall be completed.

4. This Transaction shall further be approved by the shareholders meeting of Jiangsu Huifeng Agrochemical Co., Ltd. ("Huifeng").

I. Overview of the Transaction

1. On January 10, 2019, the Company and Huifeng signed the Memorandum of

Understanding on the Acquisition of Certain Assets (“Memorandum of Understanding”), which has been publicly announced by the Company on the website <http://www.cninfo.com.cn> on January 11, 2019 (Announcement No.: 2019-5). As an important implementation step of the Memorandum of Understanding, the Company executed Equity Purchase Agreement (“EPA”) with Huifeng on November 6, 2019, according to which the Company intends to acquire the Target Equities after completion of the Restructuring and the Company agrees to purchase the Target Equities for an estimated purchase price of RMB 370 million. The final purchase price shall be determined based on the net debt of Dibai at Closing Date in accordance with the EPA, and is subject to the Appraisal Report (“Transaction”). Following the completion of this Transaction, the Company will hold 50% of the equity interests in reorganized Dibai.

2. On November 5, 2019, the 18th Meeting of the 8th session of the Board of Directors of the Company approved the Proposal and Context of on the Acquisition of 50% of the Equity Interests in Shanghai Dibai Plant Protection Co., Ltd., the domestic distribution arm of Jiangsu Huifeng Agrochemical Co., Ltd. Among the five directors of the Company, there were five affirmative votes, zero negative votes and zero abstentions. The Transaction is within the approval line of the Board of Directors and is not subject to the approval of the shareholders.

3. This Transaction does neither constitute a related-party transaction nor a material asset restructuring as stipulated by the Administrative Measures on Significant Asset Restructuring of Listed Companies.

4. The Appraisal Report on the Target Equities of this Transaction shall be duly filed with the Government Entities.

5. This Transaction requires further approval of the Government Entities.

6. Required government review from the perspective of anti-trust law in relation to this Transaction shall be completed.

7. This Transaction shall further be approved by the shareholders meeting of Huifeng.

8. The Company will timely disclose the relevant information according to the progress of this Transaction.

II. Basic Information of the Counterparty

1. Company Name: Jiangsu Huifeng Agrochemical Co., Ltd.

2. Nature of Enterprise: Joint stock limited company (Listed, invested or controlled by natural individual)

3. Date of Establishment: May 26, 1989

4. Registered Capital: RMB 1,507,475,283

5. Legal Representative: Zhong Hangen

6. Unified Social Credit Code: 913209001407071551

7. Registered Address: South of Wanggangzha, Dafeng District, Yancheng City, Jiangsu Province

8. Business Scope: Crop planting; producing pesticides and hazardous chemicals (in accordance with safety permission opinions of establishment of construction project of hazardous chemical and approval opinions of environmental impact report); technical consultation and service of insecticides, bactericides, BZQ and herbicides; sales of chemical products (excluding pesticides and other hazardous chemicals), knit goods, hardware, electric materials, daily groceries, daily necessities, woods, building materials, electronic computers and accessories and agricultural products (excluding non-packaged seeds); production and sales of wrapper (including plastic products and excluding hazardous chemicals); business of self-produced products by the company and its member companies and export business of relevant technologies; self-management and agency of import and export of all kinds of goods and technologies and domestic trade. (any business which legally requires approval(s) shall be conducted after obtaining the approvals issued by relevant authorities.)

9. Material Shareholders:

No.	Shareholder's name	Holding percentage
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1.	Zhong Hangen	42.43%
2.	Zhong Yurong	4.82%

10. Related-party Relationship: Huifeng is not a related party of the Company, and there is no other relationship relating to property rights, businesses, assets or employees between Huifeng and the Company (and its top 10 shareholders) that may or has created any preferential interests.

There exist business relationships between the Company and Huifeng: The Company purchases pesticide active ingredients and pesticide formulations from Huifeng, including fungicides, insecticides, herbicides and plant growth regulators, etc.

11. Credit Status: According to a search conducted on the website of publication of enforcement information in China, Huifeng is not a dishonest party subject to any judicial enforcement.

III. Basic Information of the Target Asset

1. Overview of the Target Asset

(1). Target Asset: 50% of the equity interests in the reorganized Dibai

(2). Asset Category: Equity investment

(3). Encumbrance: No mortgage, pledge or any other third-party claim on the Target Equities. The transferred equity is not involved in any major disputes, lawsuits, arbitrations, freeze or other judicial measures.

2. Overview of the Target Company

(1). Company Name: Shanghai Dibai Plant Protection Co., Ltd.

(2). Nature of Enterprise: Limited liability company (Invested by natural individual or controlled by legal person)

(3). Date of Establishment: September 17, 2001

(4). Registered Capital: RMB 10 million

(5). Legal Representative: Pei Binbin

(6). Unified Social Credit Code: 91310114703454316Y

(7). Registered Address: Room 217, 218, No.2 Building, No.51 Xinpei Road, Jiading District, Shanghai

(8). Business Scope: Sale of chemical products (excluding hazardous chemicals, supervised chemicals, fireworks, civic-use explosives, precursor chemicals), chemical fertilizers, pesticides (excluding hazardous chemicals), imports and exports of goods and technologies (any business which legally requires approval(s) shall be conducted after obtaining the approvals issued by relevant authorities.)

(9). Shareholding Structure:

Shareholding structure of the Target Company before this Transaction was as follows:

No.	Shareholder's name	Holding percentage
1.	Jiangsu Huifeng Agrochemical Co., Ltd.	100%

(10). Key Financial Figures of the Last Year And the Last Period:

(RMB (million))

Key Financial Figures	As of December 31, 2018 (FY 2018)	As of July 31, 2019 (January to July, 2019)
Total assets	167.4840	84.0401
Total liabilities	136.5847	64.5443
Total receivables	36.7216	65.1866
Total amount of contingency (including lawsuits and arbitrations)	0	0
Net assets	30.8993	19.4958
Revenues	535.7130	264.0149
Profits	75.5696	30.9323

Net profits	55.3334	23.1545
Net cash flows generated from operating activities	41.5379	34.2538

Note: In order to indicate the operation condition of the Target Company accurately and completely, the above financial figures are simulated and have not been audited assuming that the Target Company has complete the Restructuring. The financial figures have include relevant figures in relation to Dibai and Xinjiang Huifeng.

(11). Audit and Appraisal Report: The audit and appraisal with respect to the Target Equities are under work, with a benchmark date of July 31, 2019. After the completion of the above process, the Company will timely disclose the audit and appraisal report according to the requirements under relevant laws and regulations.

(12). Credit Status: According to a search conducted on the website of publication of enforcement information in China, Dibai is not a dishonest party subject to any enforcement.

(13). Restriction: There is no restriction on the shareholders' rights in the Articles of Association and other relevant documents of Dibai other than which has been stipulated in the applicable laws and regulations.

3. As one step of this Transaction, before Closing, the Restructuring shall be completed by Huifeng, i.e. Huifeng shall acquire 49% of equity interests in Xinjiang Huifeng Bio-Technology Co., Ltd. ("Xinjiang Huifeng") from Xinjiang Huifeng's employee shareholders and then transfer 100% of equity interests in Xinjiang Huifeng owned by it to Dibai after completion of the acquisition aforesaid. 100% of equity interests in Xinjiang Huifeng will ultimately be held by Dibai. The basic information of Xinjiang Huifeng is as follows:

(1). Company Name: Xinjiang Huifeng Bio-Technology Co., Ltd.

(2). Nature of Enterprise: Limited liability company (Invested or controlled by natural individuals)

(3). Date of Establishment: July 3, 2013

(4). Registered Capital: RMB 5 million

(5). Legal Representative: Pei Binbin

(6). Unified Social Credit Code: 91650100072216310T

(7). Registered Address: 2F, No. 2 Part, No. 1 Building, No. 56 Dalian Road, Economic Development Zone, Urumqi, Xinjiang Uygur Autonomous Region.

(8). Business Scope: Pesticide (No.1 item of the sixth category) (except unauthorized dangerous chemicals and precursor chemicals, explosion prone chemicals and toxic chemicals). Sales of fertilizer; development and promotion of the bio-technology

(9). Shareholding Structure:

Shareholding structure of Xinjiang Huifeng before the commencement of the Restructuring under this Transaction was as follows:

No.	Shareholder's name	Holding percentage
1.	Jiangsu Huifeng Agrochemical Co., Ltd.	51%
2.	Guo Jing	46%
3.	Wang Li	3%

(10). Credit Status: According to a search conducted on the website of publication of enforcement information in China, Xinjiang Huifeng is not a dishonest party subject to any enforcement.

(11). Restriction: There is no restriction on the shareholders' rights in the Articles of Association and other relevant documents of Xinjiang Huifeng other than which has been stipulated in the applicable laws and regulations.

(12). Encumbrance: No mortgage, pledge or any other third-party claim on the equity interest of Xinjiang Huifeng. The equity interest of Xinjiang Huifeng is not involved in any major disputes, lawsuits, arbitrations, freeze or other judicial measures.

IV. Key Terms of the Transaction Agreement

1. Parties: The Company (the Buyer); Huifeng (the Seller)

2. Target Formulation Products: Including existing formulation registrations and

new formulation registrations, excluding TDZ-series products for bio stimulant usage and bio-agricultural sector related to micro-biotic-series products, but TDZ for defoliants usage shall still be included.

3. Target Business: Domestic and export sales of the Target Formulation Products.

4. Restructuring: The Company and Huifeng agree that, Huifeng will commence restructuring in relation to the Target Business (“Restructuring”) after the Equity Purchase Agreement enters into effect. The Restructuring mainly includes:

(1). Huifeng will acquire 49% of the equity interests in Xinjiang Huifeng owned by its employee shareholders. After this acquisition, Huifeng will hold 100% of the equity interests of Xinjiang Huifeng.

(2). After completion of the acquisition aforesaid, Huifeng will transfer 100% of the equity interests of Xinjiang Huifeng to Dibai.

(3). Huifeng will transfer business relationships and employees in relation to the Target Business to Dibai and/or Xinjiang Huifeng.

(4). Huifeng will transfer/license intellectual properties in relation to the Target Business to Dibai and/or Xinjiang Huifeng.

(5). After completion of the Restructuring, Dibai will hold 100% of the equity interests of Xinjiang Huifeng and the Target Business will be operated by Dibai and/or Xinjiang Huifeng.

(6). After completion of the Restructuring, the Company will acquire the Target Equities in cash.

5. Purchase Price: The estimated purchase price of the Target Equities shall be RMB 370 million, with the final purchase price to be determined based on the net debt of Dibai at Closing Date in accordance with the EPA, and is subject to the Appraisal Report.

6. Pricing Basis: The Purchase Price has been determined by both parties with mutual agreement and shall be subject to the Appraisal Report.

7. Payment: Cash payment

8. Source of the Payment: The Company's own capital

9. Payment Arrangement:

(1). The Company shall pay RMB 30 million no later than five business days after the approval by Huifeng's shareholders meeting or the approval by the Government Entities (whichever comes later). At the Closing Date, the Company shall pay the remaining RMB 340 million, by way of paying RMB 310 million to Huifeng and RMB 30 million to an escrow account opened in the name of Huifeng ("Escrow Amount").

(2). If during the period between the Closing Date and the first anniversary of the Closing Date, both dates inclusive, all terms and conditions to release the Escrow Amount set forth in the EPA have been met, 50% of the Escrow Amount will be released on the tenth calendar day falling after the first anniversary of the Closing Date. If during the period between the first anniversary of the Closing Date (excluding such date) and the second anniversary of the Closing Date (including such date), all terms and conditions to release the Escrow Amount set forth in the EPA have been met, the balance of the Escrowed Amount will be released on the tenth calendar day falling after the second anniversary of the Closing Date.

10. Material Closing Conditions:

(1). The Restructuring has been completed;

(2). Relevant approval of in relation to this Transaction has been duly obtained and the Appraisal Report has been duly filed with Government Entities;

(3). Required government review from the perspective of anti-trust law shall be completed;

(4). The resumption of Huifeng's productions of active ingredients, the capacity of which in a respective month can generate no less than 80% of the average monthly production level of active ingredients for the Target Business in the EPA generated from self-produced products in the financial year 2017. Huifeng shall provide all

government authorizations necessary for the lawful resumption and continuous operation of the corresponding production lines, make public announcement on the resumption and provide documents issued by government entities approving the resumption.

(5). The execution by the parties of the definitive agreements (including without limitation, an equity purchase agreement) in connection with the Extended Transaction (as defined below).

11. Closing: The closing shall take place at the registered address of the Company within five business days after the satisfaction or waiver of all the conditions precedent set forth the EPA or at such other place or at such other time and date as Huifeng and the Company may otherwise mutually agree in writing (“Closing Date”).

12. Management of the Target Company after this Transaction: The Company and Huifeng agree that commencing from the Closing Date, they will co-manage the Target Company as shareholders, each holding 50% equity interest (after completion of the Restructuring) and having the power to appoint the same number of directors. The chairman of the board shall be selected from the board members appointed by Huifeng and shall be the legal representative of the Target Company, the CEO and CFO of the Target Company shall be nominated by the Company and appointed by the Board of the Target Company. The Company will be responsible for setting the Dibai’s commercial, marketing and branding direction.

13. Attribution of Economic Benefits During the Transition Period:

(1). The transition period of the Transaction shall commence from the benchmark date (July 31, 2019) to the Closing Date (“Transition Period”).

(2). Before the benchmark date, all and any economic benefits, profits, interests and losses generated by the Target Business corresponding to the Target Equity Interest shall be attributed to Huifeng.

(3). During the Transaction Period, all and any economic benefits, profits and interests generated by the Target Business corresponding to the Target Equities shall

be attributed to Huifeng, and all and any losses suffered by the Target Business corresponding to the Target Equities shall be borne by Huifeng.

(4). After the Closing Date, all and any economic benefits, profits, interests and losses generated by the Target Business corresponding to the Target Equity Interest after shall be attributed to the Company.

14. Extended Transaction: The Company intends to acquire Huifeng's agrochemical business located at its main site in Dafeng, Jiangsu in accordance with Memorandum of Understanding (announcement number:2019-5)("Extended Transaction"). At the Closing Date, the Company will pay RMB 20 million to Huifeng as an upfront fee of the Extended Transaction.

15. Effectiveness: The Equity Purchase Agreement shall come into effect after approval by Huifeng's shareholders meeting and approval by the Government Entities, whichever comes later.

16. Termination: The Equity Purchase Agreement will be terminated if the closing conditions have not been achieved or have not been waived by either party before February 29, 2019.

V. Other Arrangements in this Transaction

1. Employee Settlement: After completion of this Transaction, Dibai will keep approximately 183 employees in relation to the Target Business, the remaining employees of Dibai will be settled by Huifeng.

2. Land Lease: This Transaction does not include any land lease arrangement.

3. Potential Related-Party Transaction after Closing: Commencing from the Closing Date,

(1). Huifeng and Dibai will be related parties of the Company;

(2). All Target Formulation Products supplied by Huifeng shall be sold and distributed to Xinjiang HF through Dibai, or directly to Xinjiang Huifeng as per Dibai's requirements.

(3). All Target Formulation Products will be sold to external customers through the Dibai or Xinjiang Huifeng, provided, however, Dibai will have the right to reassign or transfer the right to sell or distribute certain Target Formulation Products to affiliates of the Company or Huifeng, and the transaction shall be conducted at arm's length;

(4). Huifeng shall have a right of first refusal with respect to the supply to Dibai and Xinjiang Huifeng. In the event that Huifeng is not able to satisfy Dibai and/or Xinjiang Huifeng's demand for the Target Formulation Products, the Company will have a right of first refusal to supply Dibai and/or Xinjiang Huifeng such products from itself or its subsidiaries.

(5). Certain formulation products that were produced by Huifeng and were exclusively promoted by the Company with its own brand before completion of this Transaction will still be produced by Huifeng and be sold to the Company through Dibai after completion of this Transaction.

VI. Purpose of this Transaction and the Effects on the Company

Dibai has an attractive portfolio of formulated crop protection products, comprised of more than 150 product registrations, as well as an experienced sales team of 180 employees. Under the terms of the Transaction, Dibai will obtain the exclusive, indefinite, royalty-free rights to license Huifeng's existing and future registrations in China, with all its sales of Target Formulated Products in China to be conducted through Dibai (including Xinjiang Huifeng, as a subsidiary of Dibai) as mentioned above .

VII. The commercial joint-venture's strong commercial presence, numerous differentiated, patented products and wide portfolio of product registrations are highly complementary to the Company's. This strategic commercial joint-venture is a significant milestone in the Company's ongoing, rapid expansion in China, and will significantly bolster the Company's commercial activities, positioning and offering in this key crop protection market. **Filing Documents**

1. Equity Purchase Agreement;
2. Resolution of the 18th meeting of the 8th session of the Board of Directors of

the Company

It is hereby announced.

Board of Directors of the Company

November 7, 2019