

# **ADAMA Ltd.**

## **2024 Working Report of the Board of Directors**

In 2024, the Board of Directors (the BOD) of Adama Ltd. (hereinafter referred to as the “Company”) has strictly abided by the “*Company Law*”, “*Shenzhen Stock Exchange Stock Listing Rules*”, and “*Self-Regulatory Guidelines No. 1 for Companies Listed in Shenzhen Stock Exchange - Standardized Operations of Main board Listed Companies*” and other relevant laws and regulations, implemented the regulatory provisions of China Securities Regulatory Commission (CSRC) and the Shenzhen Stock Exchange (SZSE), earnestly performed the duties entrusted by the *Articles of Association* and the *Rules of Procedure of the Board of Directors*, and conscientiously executed the resolutions passed by the shareholders' meeting in the spirit of being responsible to all shareholders of the Company. During the reporting period, all directors fulfilled their duties diligently and gave full play to their core role in corporate governance. The work in 2024 is now reported as follows.

### **I. Business Review of the Company**

#### **(I) 2024 Business Review**

Although the prices of agricultural inputs eased up a bit in 2024, prices of major agricultural commodities continued to be sluggish and profitability at the farmers level under pressure. The size of global plant protection industry for the year is expected to decline on a yearly basis. While the channel inventory pressure of plant protection products continued to be relieved, the prices of active ingredients (AI) in the Chinese market remained around historically low amid the generally high interest rate outside China and the sufficient supply of agrichemicals. As a result, channel customers still favored the just-in-time sourcing model, which has negatively impacted the pricing of plant protection products.

While the market was still weak, the Company launched the “Fight Forward” transformation plan in early 2024, aiming to improve its business quality, win the Value Innovation segment, and gradually achieve the improvement of profits and cash flow in three years from 2024 to 2026. The sales for the full year of 2024 reached approximately 29.5 billion RMB, down 10% compared with last year. Despite that, the quarterly sales volume has resumed year-on-year growth for two consecutive quarters

since the second half of the year, leading to a stable volume for the full year. The lower sales mainly reflected the impact of lower prices. In addition, along with the improvement of business quality, the Company's full-year gross profit, gross margin and EBITDA margin all increased year-on-year, reflecting the efforts in reducing cost, improving sales mix toward high margin products, and controlling operating expenses. Cash flow in the full year improved significantly thanks to various measures to optimize procurement and strengthen collection management.

For detailed analysis about the Company's performance in 2024, please refer to the 2024 Annual Report and appendix to be disclosed on March 14, 2025, on [www.cninfo.com.cn](http://www.cninfo.com.cn).

## **(II) Implementation of Long-term Development Strategies**

In early 2024, ADAMA launched "Fight Forward", a strategic transformation plan aimed at gradually delivering improved profit and cash targets over a three-year period (2024-2026). This plan has three main pillars:

(1) Optimize financial management: With a focus on improving the company's financial fitness in both the short and long term through cost reduction, as well as commercial and manufacturing excellence;

(2) Streamline ADAMA's operating model: Focus on key geographies with improved resource allocation to the most profitable regions and centralize global functions to leverage expertise in order to enable the Company's commercial unit resources to primarily focus on customer needs to maximize ROI for all stakeholders;

Focus on the Value Innovation segment, where value is provided by using off-patent Active Ingredients ("AIs") enhanced by innovations in proprietary formulations and strengthened pipelines, to address farmers' needs, improve their efficiency and help farmers improve their return on investment.

After one year of implementation throughout the Company, the transformation plan has shown early impacts, including significant improvement of cash flow for the full year of 2024, higher gross profits and margin as well as higher EBITDA margin. The Company will accelerate the implementation of the transformation plan in 2025.

## **II. Work of the Board of Directors**

### **(I) Term Change and Build-up of the Board of Directors**

On May 13, 2024, the Company held the first extraordinary general meeting of

shareholders of 2024 and elected the tenth session of the Board of Directors, whose members are Mr. Qin Hengde (the Chairman), Mr. Liu Hongsheng, Mr. An Liru, Mr. Ge Ming (Independent Director) and Mr. Yang Guangfu (Independent Director), representing a successful and smooth term change of the BOD through election. The Tenth session of the BOD is composed of the Audit Committee, the Nomination Committee and the Remuneration and Appraisal Committee to support its operation in a scientific, compliant and efficient manner. In order to optimize corporate governance, on November 22, the Company held the third extraordinary general meeting of shareholders in 2024 and added Mr. Huang Jingsheng as an independent director by election. The number of board members increased from the original five to six, of which the number of independent directors was adjusted from two to three.

## **(II) Convention of Board Meetings**

In 2024, the Company's BOD earnestly performed its duties and exercised its powers in accordance with the law and held a total of 13 board meetings. Before considering various proposals, the BOD conducted in-depth analysis, full discussion and prudent decision-making to decide scientifically and operate with standards. It reviewed and approved 49 proposals in the year, none of which was rejected. The details of the meetings are as follows:

Number of Sessions	Convening Date	Disclosure Date	Meeting Resolutions
The 30th Meeting of the Ninth Session of the Board of Directors	March 25, 2024	March 27, 2024	<p>The meeting reviewed and approved:</p> <ol style="list-style-type: none"> <li>1. Proposal on the 2023 Annual Report and its Abstract</li> <li>2. Proposal on the 2023 Financial Statements</li> <li>3. Proposal on the Pre-Plan of the 2023 Dividend Distribution</li> <li>4. Proposal on the Self-Assessment Report on the 2023 Internal Control of the Company</li> <li>5. Proposal on the 2023 Working Report of the Board of Directors</li> <li>6. Proposal on the 2023 Risk Appraisal Report of Sinochem Finance Co., Ltd.</li> <li>7. Proposal on the Remuneration of Senior Executives</li> <li>8. Proposal on the Engagement with an Audit Firm for the Audit of the Financial Statements and Internal Control of the Company for 2024</li> <li>9. Proposal on the Report on Performance Evaluation of Audit Firm in 2023 and the Performance of Supervision Duties by the Audit Committee</li> <li>10. Proposal on the Expected Related Party Transactions in the Ordinary Course of Business in 2024</li> <li>11. Proposal on Realization of Performance Commitment related to a Controlled Subsidiary</li> <li>12. Proposal on the Special Opinion on Self-examination of the Independence of Independent Directors</li> </ol> <p>The 2023 Working Reports of the Independent Directors were also presented and reviewed during the meeting.</p>
The 31st Meeting of the Ninth Session of the Board of Directors	March 26, 2024	March 27, 2024	<p>The meeting reviewed and approved:</p> <ol style="list-style-type: none"> <li>1. Proposal on Calling for the 2023 Annual General Meeting</li> <li>2. Proposal on Providing Guarantees in favor of the Company's Wholly-owned Subsidiary</li> <li>3. Proposal on Bank Loans</li> </ol>
The 32nd Meeting of the Ninth	April 3, 2024	April 8, 2024	<p>The meeting reviewed and approved:</p> <ol style="list-style-type: none"> <li>1. Proposals on the Nomination of a Non-Independent Director of the 9th Session of the</li> </ol>

Session of the Board of Directors			Board of Directors
The 33rd Meeting of the Ninth Session of the Board of Directors	April 25, 2024	April 26, 2024	The meeting reviewed and approved: 1. Proposal on the Q1 2024 Report 2. Proposal on Nomination of Non-Independent Directors to Compose the 10th Session of the BOD 3. Proposal on Nomination of Independent Directors to Compose the 10th Session of the BOD 4. Proposal on Revisions to the Policy for Independent Directors of ADAMA Ltd. 5. Proposal on Revisions to the Implementation Rules of the Audit Committee of the BOD, Implementation Rules for the Nomination Committee of the BOD 3 and Implementation Rules of the Remuneration and Appraisal Committee of the BOD 6. Proposal on Credit Facility from the Related Party 7. Proposal on Calling for the 1st Interim Shareholders Meeting in 2024
First Meeting of the Tenth Session of the Board of Directors	May 13, 2024	May 14, 2024	The meeting reviewed and approved: 1. Proposal on the Election of the Chairman of the 10th Session of the Board of Directors 2. Proposal on the Election of the Members of the Special Committees of the 10th Session of the Board of Directors
Second Meeting of the Tenth Session of the Board of Directors	May 14, 2024	May 15, 2024	The meeting reviewed and approved: 1. Proposal on the Reappointment of Senior Executives of the Company 2. Proposal on the Reappointment of the Securities Affairs Representative 3. Proposal on ADAMA's 2023 Environmental, Social, and Governance (ESG) Report
The Third Meeting of the Tenth Session of the Board of Directors	June 12, 2024	June 13, 2024	The meeting reviewed and approved: 1. Proposal on the Purchase of Liability Insurance for Directors, Supervisors and Senior Executives and the Related-party Transaction 2. Proposal on Calling for the 2nd Interim Shareholders Meeting in 2024

Fourth Meeting of the Tenth Session of the Board of Directors	July 16, 2024	July 18, 2024	The meeting reviewed and approved: 1. Proposal on Change of the Senior Executive of the Company
Fifth Meeting of the 10th Session of the Board of Directors	August 27, 2024	August 29, 2024	The meeting reviewed and approved: 1. Proposal on the 2024 Semi-Annual Report and its Abstract 2. Proposal on the Risk Appraisal Report of Sinochem Finance Co., Ltd.
Sixth Meeting of the Tenth Session of the Board of Directors	October 29, 2024	31 October 2024	The meeting reviewed and approved: 1. Proposal on the Q3 2024 Report
The 7th Meeting of the 10th Session of the Board of Directors	November 6, 2024	November 7, 2024	The meeting reviewed and approved: 1. Proposal on the Renewal of the Financial Service Agreement with Sinochem Finance Co., Ltd. 2. Proposal on the Risk Appraisal Report of Sinochem Finance Co., Ltd. 3. Proposal on the Contingency Plan for Deposits at Sinochem Finance Co., Ltd 4. Proposal to Change the Business Scope, Adjust the Members on the Board of Directors and Amend the Articles of Association of the Company 5. Proposal on Revisions to Rules of Procedures of the Board of Directors 6. Proposal on the Nomination of an Independent Director of the 10th Session of the Board of Directors 7. Proposal on New Credit Facility from the Related Party 8. Proposal on Signing of the Entrusted Management Agreement with Related Parties 9. Proposal on Calling for the 3rd Interim Shareholders Meeting in 2024

Eighth Meeting of the Tenth Session of the Board of Directors	December 18, 2024	December 19, 2024	<ol style="list-style-type: none"> <li>1. Proposal on the 2025 Work Plan</li> <li>2. Proposal on Signing of Supplemental Agreement II to the Entrusted Operation and Management Agreement on Anhui Petro &amp; Chemical</li> <li>3. Proposal on Providing Guarantees by a Wholly-owned Subsidiary to its Subsidiaries</li> <li>4. Proposal on Calling for the 1st Interim Shareholders Meeting in 2025</li> </ol>
Ninth Meeting of the Tenth Session of the Board of Directors	December 30, 2024	January 2, 2025	<ol style="list-style-type: none"> <li>1. Proposal on Amendments to Certain Terms of the Entrusted Management Agreement</li> <li>2. Proposal on Adjustment of the Members of the Special Committees of the Board and Revisions to Implementation Rules of the Special Committees</li> </ol>

### (III) Convention of the General Meetings of Shareholders

In 2024, the BOD called for 4 general meetings of shareholders to review 21 proposals. The procedures of the general meeting of shareholders all complied with the prescribed requirements, and lawyers were engaged to ensure that all shareholders, especially the minority shareholders, have exercised their rights to know, participate and vote on major matters. Please see the details below.

Number of Sessions	Convening Date	Consideration of Proposals
2023 Annual General Meeting	April 16, 2024	<ol style="list-style-type: none"> <li>1. Proposal on the 2023 Annual Report and its Abstract</li> <li>2. Proposal on the 2023 Financial Statements</li> <li>3. Proposal on the Pre-Plan of the 2023 Dividend Distribution</li> <li>4. Proposal on the Self-Assessment Report on the 2023 Internal Control of the Company</li> <li>5. Proposal on the 2023 Working Report of the Board of Directors</li> <li>6. Proposal on the Engagement with an Audit Firm for the Audit of the Financial Statements and Internal Control of the Company for 2024</li> <li>7. Proposal on the Expected Related Party Transactions in the Ordinary Course of Business in 2024</li> <li>8. Proposal on the 2023 Working Report of the Board of Supervisors</li> <li>9. Proposal on the Nomination of a Non-Independent Director of the 9th Session of the Board of Directors</li> </ol>
First Extraordinary	May 13, 2024	<ol style="list-style-type: none"> <li>1. Proposal on Revisions to the Policy for Independent Directors of ADAMA Ltd.</li> </ol>

General Meeting of Shareholders in 2024		<ol style="list-style-type: none"> <li>2. Proposal on Credit Facility from the Related Party</li> <li>3. Proposal on Nomination of Non-Independent Directors to Compose the 10th Session of the BOD</li> <li>4. Proposal on Nomination of Independent Directors to Compose the 10th Session of the BOD</li> <li>5. Proposal on Nomination of Non-employee Supervisors to Compose the 10th Session of the BOS</li> </ol>
Second Extraordinary General Meeting of Shareholders in 2024	June 28, 2024	<ol style="list-style-type: none"> <li>1. Proposal on the Purchase of Liability Insurance for Directors, Supervisors and Senior Executives and the Related-party Transaction</li> </ol>
Third Extraordinary General Meeting of Shareholders in 2024	November 22, 2024	<ol style="list-style-type: none"> <li>1. Proposal on the Renewal of the Financial Service Agreement with Sinochem Finance Co., Ltd.</li> <li>2. Proposal to Change the Business Scope, Adjust the Members on the Board of Directors and Amend the Articles of Association of the Company</li> <li>3. Proposal on Revisions to the Rules of Procedures of the Board of Directors</li> <li>4. Proposal on the Nomination of an Independent Director of the 10th Session of the Board of Directors</li> <li>5. Proposal on New Credit Facility from the Related Party</li> <li>6. Proposal on Signing of the Entrusted Management Agreement with Related Parties</li> </ol>

#### **(IV) Performance of Duties by Special Committees of the Board of Directors**

In 2024, the special committees of the BOD performed their duties in strict accordance with *the Articles of Association* and the implementation rules of each special committee based on the principle of diligence and responsibility, provided advisory opinions for the decision-making of the BOD, and played a positive role in the standardized operation and the scientific decision-making. In 2024, the Audit Committee held a total of five meetings to review periodical statements, the re-appointment of the Chief Financial Officer and the person in charge of internal audit, the re-appointment of audit institutions, internal control, internal audit, risk assessment of the group finance corporation, profit distribution and other matters. It effectively supervised the Company's financial status, strictly controlled risks, and safeguarded the legitimate rights and interests of the Company and minority shareholders.

The Remuneration and Appraisal Committee held two meetings to review and express opinions on the remuneration of the senior management of the Company.

The Nomination Committee held a total of five meetings, carefully examined the candidates according to actual needs, studied the change and appointment of senior management, the general election of independent directors and non-independent directors, and the addition of an independent director, and formulated recommendations for submission to the BOD for consideration.

#### **(V) Performance of Independent Directors**

On November 22, 2024, as reviewed and approved by the third extraordinary general meeting of shareholders in 2024, the number of independent directors of the Company increased from two to three, and Mr. Huang Jingsheng was elected as an independent director of the Tenth session of the Board. In accordance with relevant provisions of *the Company Law, the Measures for the Administration of Independent Directors of Listed Companies* and the requirements of *the Articles of Association* and *the Independent Director Policy*, the independent directors of the Company faithfully and diligently performed their duties, actively paid attention to the operating and financial status, attended relevant meetings on time, and carefully considered various proposals of the board of directors and special committees. In 2024, the independent directors held a total of five special meetings to consider related party transactions, the risk assessment report of the group finance corporation, and the composition adjustment of the special committees, which were submitted to the BOD for consideration after the approval of all independent directors. In addition to attending various meetings, independent directors visited the operation sites to understand the business progress and industry trends. They exchanged ideas with auditors on the audit work plans and other important issues, and earnestly performed supervisory duties. They also participated in the annual report performance roadshow to understand investors' concerns and demands for the Company.

In 2024, the meeting participation of independent directors is as follows:

<b>Participation of independent directors in BOD meetings and shareholders' meetings in 2024</b>			
<b>Name of Director</b>	<b>Number of Board meetings to be attended</b>	<b>Actual number of board meetings attended</b>	<b>Attendance at general meetings</b>
Ge Ming	13	13	4
Yang Guangfu	13	13	4
Huang Jingsheng	2	2	Not applicable because the Company did not hold any general meeting of shareholders from his election on November 22 to December 31, 2024.

## **(VI) Information Disclosure and Management of Insider Information**

The Company has strictly fulfilled its information disclosure obligations in accordance with relevant information disclosure regulations of CSRC and SZSE as well as the requirements of its own *Information Disclosure Management Policy*, and continuously improved the quality of information disclosure. In 2024, it released a total of 102 periodical statements and interim reports, and all announcements were disclosed in Chinese and English to truly, accurately and completely disclose major events and production and business information. Moreover, the Company strictly and effectively implemented *the Registration and Management Policy of Insider Information*, registered and reported insider information according to law, strengthened insider information management, standardized information transmission process, strengthened employees' awareness of confidentiality and compliance, and strictly prevented insider trading.

## **(VII) Investor Relations Management**

The BOD has attached great importance to the management of investor relations and communicated with investors through announcements, phone calls, investor interaction platform, featured column on the Company's official website and other multimedia channels to promote the exchange of views. After the disclosure of periodical reports, performance roadshows were held to update business progress and industry overview to investors, provide special presentations on specific areas such as R&D, marketing and operation, so as to deepen investors' understanding about business and development prospects.

## **III. Focus of the BOD in 2025**

In 2025, the BOD will continue to be responsible to all shareholders, with the goal of building a high-quality listed company, faithfully and diligently perform its duties, actively play its core role in business operations and corporate governance, supervise the management to effectively carry out the 2025 Work Plan and firmly implement the “Fight Forward” transformation plan, promote value realization with innovation as the fundamental driving force, and comprehensively improve management quality. The year of 2025 is marked by the accelerated implementation of the “Fight Forward” transformation plan. The BOD will supervise the management team to deliver tangible

results of the “Fight Forward” plan, strengthen the pipeline, hedge against market challenges, improve execution and martialize new operational models. While leading the Company to improve business quality, the BOD will follow the requirements of *the Guidelines for Listed Companies No. 10 - Market Value Management* and supervise the Company to conscientiously implement *the Valuation Improvement Plan* and strengthen market value management. In addition, it will further improve various corporate governance policies according to the latest regulatory and operational requirements, enhance the internal control management, ensure operation compliance, earnestly fulfill information disclosure obligations and pursue excellence in investor relations management.

Board of Directors of ADAMA Ltd.

March 12, 2025