

## **ADAMA Ltd.**

### **Announcement on the Arbitration Matters about 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.

#### **Key Points:**

1. Progress of the arbitration case

Shanghai International Economic and Trade Arbitration Commission (Shanghai International Arbitration Centre) has accepted but not yet heard the case.

2. The standing of the listed company in the case: the Applicant

3. Value involved in the case

The Applicant requested the payment of price adjustment of RMB 64,535,827 yuan, compensation for corresponding losses and all costs incurred for initiating the arbitration, including fees for the attorney and the arbitration.

4. Impact on the profit and losses of the listed company

Since the arbitration has not yet been heard, the conclusion and its impact on the Company's profits and losses cannot be reliably measured yet.

#### **I. Basic information on Acceptance of the Arbitration Matter**

ADAMA Ltd. (hereinafter referred to as “the Company”, “ADAMA” or the “Applicant”) received on May 8<sup>th</sup>, 2024 the “*Notice of Acceptance of Arbitration Case in respect of Disputes relating to the Equity Purchase Agreement (6.11.2019), the Supplementary Agreement to the Equity Purchase Agreement (26.2.2020) and the*

*Supplementary Agreement to the Equity Purchase Agreement (II) (28.10.2020)*”[Shang Guo Zhong (2024) No. 1292] issued by Shanghai International Arbitration Centre (hereinafter referred to as the “Arbitration Commission”). The arbitration application filed by the Company as the Applicant to the Arbitration Commission against Jiangsu Huifeng Bio-agriculture Co., Ltd. (hereinafter referred to as the “Respondent” or “Jiangsu Huifeng”) as the claimant has been accepted.

Basic information about the arbitration institution and the parties to the arbitration is presented as follows.

(I) Arbitration Institution

Name of the Arbitration Institution: Shanghai International Economic and Trade Arbitration Commission (Shanghai International Arbitration Centre)

(II) Parties to the Arbitration

1. Applicant: ADAMA Ltd.

2. Respondent: Jiangsu Huifeng

Legal representative: Zhong Hangen

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

## **II. Background Information of the Arbitration**

(I) Facts and Causes of the Dispute

On 25 March, 2024, the “*Proposal on Realization of Performance Commitments related to a Controlled Subsidiary*” was considered and approved by the 30th Meeting of the 9th Session of the Board of Directors of the Company. Pursuant to the Supplementary Agreement 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 Jiangsu Huifeng 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. 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, meaning Jiangsu Huifeng should pay the Price Adjustment Payment of RMB 64,535,827 yuan to the Company.

For details of the aforesaid, please refer to the “*Announcement of Resolutions of the 30th Meeting of the 9th Session of the Board of Directors*” (Announcement No. 2024-4), “*Announcement on the Fulfillment of Performance Commitments Related to a Controlled Subsidiary* (Announcement No. 2024-9) ” and *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) issued by Deloitte (Special Ordinary Partnership).

On February 21<sup>st</sup>, 2024, the Company issued the “*Notification Letter Regarding the Price Adjustment Payment related to the Performance Commitment of Nongyi Business*” to Jiangsu Huifeng, requesting the entity to pay the Price Adjustment Payment of RMB 64,535,827 yuan within five working days commencing from 18 February 2024. On April 26<sup>th</sup>, 2024, the Company issued a follow-up “*Notice Regarding the Price Adjustment Payment related to the Performance Commitment of Nongyi Business*”, informing Jiangsu Huifeng that it would resort to the necessary dispute resolution procedures and urging the entity again to duly perform the payment obligation.

As of the date on which this Announcement is disclosed, Jiangsu Huifeng has not paid the Price Adjustment Payment to the Company. In order to safeguard the legitimate

rights and interests of the Company and all its shareholders, the Company has initiated the arbitration proceedings against Jiangsu Huifeng.

## (II) Main Requests of the Arbitration

1. To request the Respondent to pay the Applicant the Price Adjustment Payment of RMB 64,535,827 yuan.
2. To request the Respondent to pay the Applicant the compensation for the losses caused by the failure of the Respondent to pay the Price Adjustment Payment on time (based on the Price Adjustment Payment payable of RMB 64,535,827 yuan, calculated in accordance with the quoted interest rate for one-year loans in the market published by the National Center for Interbank Lending for the same period, starting from 23 February 2024 until the date on which the Price Adjustment Payment is actually paid with full amount).
3. To request the Respondent to bear the Applicant's attorney fee of 150,000 USD incurred for initiating this arbitration.
4. To request the Respondent to bear all costs incurred by the Applicant for initiating this arbitration, including the arbitration fee.

## III. Other Litigation and Arbitration Matters Not Disclosed Yet

As of the date of disclosure of this announcement, the Company and its controlled subsidiaries have litigations and arbitrations whose value involved do not meet the disclosure threshold for material litigation and arbitration matters set out in *the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange*. The Company doesn't have litigations and arbitrations that should be disclosed but have not been disclosed.

## IV. Possible Impact of this Arbitration on the Company's Profits for the Current and Subsequent Periods

The arbitration session has not yet commenced. Therefore, its conclusion and the impact on the Company's profits and losses cannot be reliably measured yet.

The Company will closely monitor to the progress of this arbitration matter, and actively take various measures to safeguard the legitimate rights and interests of the Company and fulfill the information disclosure obligations in a timely manner. Investors are reminded to pay attention to the relevant announcements and investment risks.

## **V. Documents for Reference**

1. *Application for Arbitration of ADAMA Ltd.*
2. Notice of Acceptance of Dispute Arbitration Case in respect of the Equity Purchase Agreement (2019.11.6), the Supplementary Agreement to Equity Purchase Agreement (2020.2.26) and the Supplementary Agreement to Equity Purchase Agreement (II) (2020.10.28) [Shang Guo Zhong (2024) No. 1292] issued by Shanghai International Economic and Trade Arbitration Commission (Shanghai International Arbitration Centre)

Board of Directors of ADAMA Ltd.

May10<sup>th</sup>, 2024