

# **Risk and Emergency Disposal Plan of ADAMA Ltd.**

## **for Deposits in ChemChina Finance Co., Ltd.**

### **Chapter 1 General Provisions**

Article 1 To prevent, control and mitigate risks of deposits of ADAMA Ltd.(including its subsidiary Jiangsu Anpon Electrochemical Co., Ltd., hereinafter collectively referred to as “the Company”) in ChemChina Finance Co., Ltd. (hereinafter referred to as “the Finance Corporation”), safeguard security and ensure the liquidity and profitability of funds, this emergency disposal plan is hereby formulated.

### **Chapter 2 Organization Structure and Duties for Emergency Disposal**

Article 2 The Company shall establish a Leading Group for Deposit Risk Prevention and Disposal (hereinafter referred to as “the Group”). The CEO & President shall lead the Group and perform as the first person responsible for risk prevention and disposal. The Chief Financial Officer shall be deputy leader of the Group. Other members of the Group include the relevant employees of the financial department and legal department. The Leading Group is responsible for organizing the prevention and disposal of deposit risks. All units and individuals should not conceal, delay, lie or insult others to conceal, delay or lie regarding deposit risks.

Article 3 As the specialized management body for emergency disposal, the Leading Group should immediately initiate an action plan and carry out its work in accordance with the prescribed procedures whenever a risk occurs in the Finance Corporation.

Article 4 The following principles should be followed for emergency disposal against deposit risks:

- (1) The leadership should be unified and the responsibility should be graded. The Leading Group shall lead the emergency disposal against any deposit risk and be responsible to the board of directors. To be specific, it shall be responsible for the implementation of the prevention and disposal against deposit risks.
- (2) Various relevant departments should perform their duties, coordinate and cooperate with each other. They should plan proactively and implement various measures to prevent, control and resolve risks through coordination.
- (3) Information should be collected while focusing on prevention. The Finance Corporation should be supervised to provide relevant information in a timely manner. Its operation should be updated and it is also necessary to understand more about its ongoing business from the group, other subsidiaries and even regulatory authorities so as to ensure a regular and effective mechanism to monitor information and prevent risks.
- (4) Early warning and timely disposal are imperative. Relevant departments should strengthen the mechanism for risk monitoring and early detection and reporting to enable decisive measures to control and prevent the spread and escalation of any risk so as to minimize the impact on deposits.

### **Chapter 3 Information Reporting and Disclosure**

Article 5 A deposit risk reporting system should be established to brief the board of directors on a regular or temporary basis.

The Financial Corporation's periodic financial reports including balance sheet, profit and loss statement, cash flow statement, etc. should be obtained and reviewed on a regular basis. During the term of the deposit, the annual report of the Finance Corporation audited by an accounting firm with qualifications for executing securities and futures should be obtained and reviewed to evaluate the financial and business risks. The Leading Group shall issue a deposit risk assessment report based on the analysis of the information, which should be submitted to the board of directors for deliberation and approval. The deposited amount in the Finance Corporation at a specific time should be reported to the board of directors on a regular basis. Its assets, liabilities, position status, unexpected changes in deposits and measures taken and proposed to be adopted should be updated in the form of interim reports.

Article 6 It is imperative to strictly comply with relevant laws and regulations on related party transactions, follow the required decision-making procedures and fulfill the obligation of information disclosure when the Company and the Finance Corporation have money transactions.

### **Chapter 4 Emergency Procedures and Measures**

Article 7 If any of the following circumstances occurs in the Finance Corporation, an emergency disposal mechanism shall immediately be initiated:

(1) The balance sheet indicators of the Finance Corporation do not meet requirements of Article 34 of *the Administrative Measures for Finance Companies of Group Enterprises*;

(2) A bank run occurs in the Finance Corporation; debts cannot be paid on due date; a large amount of loan is overdue; or it has to pay in advance a large amount for a guarantee; serious computer failure occurs; the Corporation is robbed or frauded or any director of the board or senior management personnel is involved in serious violation of regulations or criminal cases and etc....

(3) Major institutional changes, equity transactions or business risks that may affect the normal operation of the Finance Corporation;

(4) The balance of the company's deposits in the Finance Corporation accounts for more than 30% of the latter's total deposit balance;

(5) The shareholders have overdue debt to the Finance Corporation longer than one year;

(6) The loan balance issued by the Finance Corporation to a single shareholder exceeds 50% of its registered capital or the shareholder's contribution to the Corporation;

(7) The Finance Corporation receives administrative penalties from the China Banking Regulatory Commission and other regulatory authorities for violations of laws and regulations;

(8) The Finance Corporation is required by the China Banking Regulatory Commission to carry out rectification;

(9) Other matters that may pose a safety hazard to the Company's deposit funds.

Article 8 After a deposit risk occurs, relevant staff should immediately report to the Leading Group. The Leading Group should keep updated of the progress, collect information, draft a written analysis and report it to the board of directors.

Article 9 The Leading Group shall initiate the emergency disposal procedures. It should assign specialized personnel to urge the Finance Corporation to provide detailed explanations while understanding the situation through multiple channels. If necessary, the Group should send personnel to investigate on-site and analyze the risk. Meanwhile, according to causes and conditions, it should implement various risk-resolving measures, clarify different duties and formulate an emergency disposal plan. The plan shall be revised and supplemented in a timely manner according to the changes of deposit risks and the problems found during the implementation. It should elaborate the following contents:

1. Roles and responsibilities of various departments and subsidiaries as well as measures to be taken, tasks to be completed and goals to be achieved;
2. Implementation of various risk mitigation measures;
3. Supervision and guidance of the implementation.

Article 10 In response to risks that arise, the Company shall hold a joint meeting with the Finance Corporation. The Leading Group of the Company and the relevant responsible person of the Finance Corporation should attend the meeting and seek solutions. If necessary, documents can be drafted jointly and submitted to ChemChina for deliberation.

Article 11 If necessary, the Company shall require the Finance Corporation to suspend or stop issuing new loans and start to collect funds back. At the same time, treasury bonds or other bonds should be sold immediately; all call loans to peer institutions should be repaid regardless of whether they are due or not; the unexpired loans should be transferred to other financial institutions to recover the principal and interest in time if there is any appropriate opportunity.

Article 12 All relevant departments and subsidiaries shall follow the unified management of the Leading Group in accordance with the responsibilities and requirements stipulated in the emergency disposal plan. Each department should fulfill its own duty and bear its own responsibility. And they should also implement various measures to actively support the disposal work.

## **Chapter 5 Subsequent Treatment**

Article 13 After any sudden deposit risk is resolved, the Leading Group shall strengthen the supervision of the Finance Corporation, require it to enhance funding strength, improve its ability to resist risks, reassess the deposit risk and adjust the deposit ratio if necessary.

Article 14 The Leading Group should work with the Finance Corporation to carefully analyze and summarize causes and consequences of the emergency incidence of deposit risks. Experience and lessons should be learnt to enhance the prevention and disposal afterwards.

## **Chapter 6 Supplementary Provisions**

Article 15 The board of directors of the Company holds the right to interpret this Plan.

Article 16 This Plan shall be implemented from the date of approval by the board of directors.