

## **ADAMA Ltd.**

# **Announcement on the Signing of the Second Supplemental Agreement to the Shanghai Dibai Equity Purchase Agreement**

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.

### **I. Overview of the Transaction**

On November 5, 2019, the 18<sup>th</sup> Meeting of the 8<sup>th</sup> session of the Board of Directors of the Company approved the Acquisition of a 50% Equity Stake in Shanghai Dibai Plant Protection Co., Ltd. ("Dibai"), the domestic distribution arm of Jiangsu Huifeng Agrochemical Co., Ltd. ("Huifeng"). On November 6, 2019, the Company executed an Equity Purchase Agreement ("EPA") with Huifeng to acquire the 50% equity stake in Dibai held by Huifeng ("Transaction"). The estimated purchase price was 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 subject to the Appraisal Report (as defined below). The EPA stipulated that it can be terminated if any closing condition is not met by February 29, 2020 ("Long Stop Date") by either the Company or Huifeng, where applicable, sending written notice to the other.

On February 26, 2020, the 21<sup>st</sup> Meeting of the 8<sup>th</sup> session of the Board of Directors of the Company approved the Signing of a Supplemental Agreement to the EPA. On February 27, 2020, the Company executed the Supplemental Agreement to the EPA ("First Supplemental Agreement") with Huifeng to extend the Long Stop Date from February 29, 2020 to June 30, 2020.

As the closing conditions under the EPA were not fully met by June 30, 2020, the

Company disclosed a Progress Report on the Transaction which stated that the Company and Huifeng were actively promoting the Transaction in good faith, and neither intended to terminate the Transaction after June 30, 2020, due to the closing conditions not yet being fully met.

For details, please see the Announcement on the Resolutions of the 18<sup>th</sup> meeting of the 8<sup>th</sup> session of the Board (announcement No. 2019-53), the Announcement on the Acquisition of 50% of the Equity Interests in Shanghai Dibai Plant Protection Co., Ltd. (announcement No. 2019-54), the Announcement on the Resolutions of the 21<sup>st</sup> meeting of the 8<sup>th</sup> session of the Board (announcement No. 2020-7), the Announcement on Signing the Supplemental Agreement to the Equity Purchase Agreement (announcement No. 2020-9) and the Announcement on the Progress of the Acquisition of 50% of the Equity Interests in Shanghai Dibai Plant Protection Co., Ltd. (announcement No. 2020-35) which were disclosed by the Company on the website [www.cninfo.com.cn](http://www.cninfo.com.cn) separately on November 7, 2019, February 27, 2020 and July 1, 2020.

As the closing conditions have not yet been met, and related assets appraisal organization has issued the appraisal report of this Transaction (“Appraisal Report”), on October 28, 2020, the 27<sup>th</sup> meeting of the 8<sup>th</sup> session of the Board approved the signing with Huifeng of the Second Supplemental Agreement to the EPA regarding the Acquisition by the Company of a 50% Equity Stake in Dibai (“Second Supplemental Agreement”).

## **II. Key Terms of the Second Supplemental Agreement**

1. The Company and Huifeng agree that, based on the Appraisal Report, the purchase price payable under this Transaction shall be adjusted and be equal to (RMB 600,000,000 less net debt at closing)  $\times 50\%$ , meaning that the estimated purchase price on a cash-free, debt-free basis will be adjusted from RMB 370 million to RMB 300 million, comparing with the EPA. Based on the above, the payment arrangement of this Transaction will be adjusted correspondingly, according to which (i) the amount to be paid by the Company within five business days after the approval by Huifeng’s shareholders meeting or the approval by the government authorities or authorized entities of the Company in charge of supervision and administration of state-owned

assets (whichever comes later) will remain the same which equals to RMB 30 million;  
(ii) the amount that shall be paid by the Company to Huifeng at closing shall be adjusted from 340 million to RMB 270 million, of which the amount that shall be paid directly to Huifeng will be adjusted from RMB 310 million to 240 million and the amount to the escrow will remain the same which equals to RMB 30 million.

2. The Company and Huifeng agree to extend the Long Stop Date from June 30, 2020 to December 31, 2020.

3. The Second Supplemental Agreement is an integral part of the EPA. Unless specifically revised by the Second Supplemental Agreement, the contents of the EPA and the First Supplement Agreement will remain the same.

### **III. Impact of the Second Supplemental Agreement on the Company**

The Second Supplemental Agreement reflects the agreed outcome of negotiations between the Company and Huifeng. It will have no adverse impact on the performance and business operations of the Company. It will also not impact the future development strategy and business plan of the Company. The interests of the shareholders will not be harmed.

### **IV. Filing Documents**

1. The Resolutions of the 27<sup>th</sup> Meeting of the 8<sup>th</sup> Session of the Board;
2. The Second Supplemental Agreement to the Equity Purchase Agreement.

It is hereby resolved.

Board of Directors of ADAMA Ltd.

October 29, 2020