



ADAMA LTD.

THIRD QUARTER REPORT 2020

ADAMA Ltd. (hereinafter referred to as “**the Company**”) is a global leader in crop protection, providing solutions to farmers across the world to combat weeds, insects and disease. ADAMA has one of the widest and most diverse portfolios of active ingredients in the world, state-of-the art R&D, manufacturing and formulation facilities, together with a culture that empowers our people in markets around the world to listen to farmers and ideate from the field. This uniquely positions ADAMA to offer a vast array of distinctive mixtures, formulations and high-quality differentiated products, delivering solutions that meet local farmer and customer needs in over 100 countries globally.

Please see important additional information and further details included in the Annex.

October 2020

Section I - Important Notice

The Company's Board of Directors, Board of Supervisors, directors, supervisors and senior managers confirm that the content of the Report is true, accurate and complete and contains no false statements, misleading presentations or material omissions, and assume joint and several legal liability arising therefrom.

Ignacio Dominguez, the person leading the Company (President and Chief Executive Officer) as well as its legal representative, and Aviram Lahav, the person leading the accounting function (Chief Financial Officer & Deputy Chief Executive Officer), hereby assert and confirm the truthfulness, accuracy and completeness of the Financial Report.

All of the Company's directors attended the board meeting for the review of this Report.

This Report and its abstract have been prepared in both Chinese and English. Should there be any discrepancy between the two versions, the Chinese version shall prevail.

Section II - Financial Highlights & Shareholder Changes

Main accounting and financial results

Whether the Company performs any retroactive adjustments to, or restatements of, its accounting data of last year due to change in accounting policies or correction of accounting errors

Yes No

	End of Reporting Period	End of last year	+/- (%)
Total assets (RMB'000)	48,292,712	45,288,940	6.63%
Net assets attributable to shareholders (RMB'000)	21,964,107	22,371,665	-1.82%

	July - September 2020	YoY +/- (%)	January - September 2020	YoY +/- (%)
Operating revenues (RMB'000)	6,768,583	1.54%	20,889,623	3.00%
Net profit attributable to shareholders of the Company (RMB'000)	20,409	-90.10%	225,058	-71.68%
Net profit attributable to shareholders of the Company excluding non-recurring profit and loss (RMB'000)	9,876	-94.86%	229,648	-63.11%
Net cash flow from operating activities (RMB'000)	157,469	-60.55%	1,392,000	1376.75%
Basic EPS (RMB/share)	0.0086	-89.79%	0.0929	-71.40%
Diluted EPS (RMB/share)	N/A	N/A	N/A	N/A
Weighted average return on net assets	0.10%	-0.77%	1.01%	-2.45%

Please see key additional information and further details included in the Annex.

Non-Recurring profit/loss

Applicable Not applicable

Unit: RMB'000

Item	January - September 2020	Note
Gains/losses on the disposal of non-current assets (including the offset part of asset impairment provisions)	7,535	-
Government grants recognized through profit or loss (excluding government grants closely related to business of the Company and given at a fixed quota or amount in accordance with government's uniform standards)	25,556	-
Recovery or reversal of provision for bad debts which is assessed individually during the years	22,777	-
Other non-operating income and expenses other than the above	23,309	-
Other profit or loss that meets the definition of non-recurring profit or loss	(70,032)	Employee early retirement plan expenses
Less: Income tax effects	13,735	-
Total	(4,590)	-

Explanation of why the Company classified an item as non-recurring profit/loss according to the definition in the First Explanatory Announcement on Information Disclosure for Companies Offering their Securities to the Public. Non-recurring Profit and Loss, and reclassified any non-recurring profit/loss items are given as examples in the said explanatory announcement to recurrent profit/loss

Applicable Not applicable

No such cases in the Reporting Period.

I. Total number of shareholders and shareholdings of top 10 shareholders at the period-end

1. Total number of ordinary shareholders and preference shareholders who had resumed their voting rights, and shareholdings of top 10 shareholders at the period-end

Unit: share

Total number of ordinary shareholders at the end of the Reporting Period		49,443 (the number of ordinary A share shareholders is 34,867; the number of B share shareholders is 14,576)		Total number of preference shareholders who had resumed their voting right at the end of the Reporting Period (if any)		0
Shareholdings of top 10 shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage	Number of shares held	Number of restricted shares held	Pledged or frozen shares	
					Status	Number
Syngenta Group Co., Ltd.	State-owned legal person	72.88%	1,708,450,759	--	--	--
Jingzhou Sanonda Holding Co., Ltd.	State-owned legal person	5.11%	119,687,202	--	--	--
China Structural Reform Fund Co., Ltd.	State-owned legal person	1.43%	33,557,046	--	--	--
China Cinda Asset Management Co., Ltd.	State-owned legal person	1.33%	31,115,916	--	--	--
Portfolio No.503 of National Social Security Fund	Others	0.98%	23,000,052	--	--	--
CCB Principal-ICBC-Avic Trust, Trust Plan of Pooled Funds of CCB Principal Private Placement Investment, Tianqi (2016) No. 293 of Avic Trust	Others	0.55%	12,885,906	--	--	--
Hong Kong Securities Clearing Company Limited	Overseas legal person	0.25%	5,890,633			
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Overseas legal person	0.19%	4,477,972	--	--	--
State-owned Assets Administration Bureau of Qichun County	State	0.18%	4,169,266	--	--	--
Wu Feng	Domestic natural person	0.17%	4,035,169	--	--	--
Shareholdings of top 10 non-restricted shareholders						
Name of shareholder	Number of non-restricted shares held at the period-end	Type of shares				
		Type	Number			
Syngenta Group Co., Ltd.	1,708,450,759	RMB ordinary share	1,708,450,759			
Jingzhou Sanonda Holding Co., Ltd.	119,687,202	RMB ordinary share	119,687,202			
China Structural Reform Fund Co., Ltd.	33,557,046	RMB ordinary share	33,557,046			
China Cinda Asset Management Co., Ltd.	31,115,916	RMB ordinary share	31,115,916			
Portfolio No.503 of National Social Security Fund	23,000,052	RMB ordinary share	23,000,052			
CCB Principal-ICBC-Avic Trust, Trust Plan of Pooled Funds of CCB Principal Private Placement Investment, Tianqi (2016) No. 293 of Avic Trust	12,885,906	RMB ordinary share	12,885,906			
Hong Kong Securities Clearing Company Limited	5,890,633	RMB ordinary share	5,890,633			
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	4,477,972	Domestically listed foreign share	4,477,972			
State-owned Assets Administration	4,169,266	RMB ordinary share	4,169,266			

Bureau of Qichun County			
Wu Feng	4,035,169	RMB ordinary share	4,035,169
Related or act-in-concert parties among the shareholders above	Syngenta Group Co., Ltd. and Jingzhou Sanonda Holdings Co., Ltd. are related parties, and are acting-in-concert parties as prescribed in the Administrative Methods for Acquisition of Listed Companies. Both of them are controlled subsidiaries of CNAC. It is unknown to the Company whether the other shareholders are related parties or acting-in-concert parties as prescribed in the Administrative Methods for Acquisition of Listed Companies.		
Top 10 ordinary shareholders conducting securities margin trading (if any)	Shareholder Wu Feng held 1,423,126 shares of the Company through a credit collateral securities trading account and 2,612,043 shares of the Company through a common securities account, totaling 4,035,169 shares of the Company.		

Note: On September 30, 2020, the Company held 6,255,343 B Shares of the Company through a B-Share repurchase account, accounting for 0.27% of the Company's total share capital. For details, please refer to the Announcement on the Progress of the B-Shares Repurchase (announcement no. 2020-53) published by the Company on October 13, 2020.

Did any of the top 10 ordinary shareholders or the top 10 non-restricted ordinary shareholders of the Company conduct any promissory buy-back during the Reporting Period?

Yes No

No such cases in the Reporting Period.

2. Total number of preference shareholders and shareholdings of the top 10 of such at the period-end

Applicable Not applicable

Section III - Significant Events

I. Changes in main accounting statement items and financial indicators in the Reporting Period, as well as reasons for the changes

√ Applicable □ Not applicable

During the third quarter of 2020, the global agrochemical market is expected to have seen moderate growth, as the residual impact from COVID-19 continues to linger in many markets. Crop prices have recovered in many key crops, however for some such as cotton, planted acreage was lower due to the lower crop prices at the time of planting during the first half of the year, impacting sales in this segment markets such as the US, Brazil and Turkey. Governments across the world continue to include farmers in extensive support programs, partially offsetting lost income due to the COVID-19 pandemic.

While global currencies recovered somewhat against the US Dollar during the third quarter, they generally remained significantly weaker when compared to the third quarter and first nine months of 2019, especially in the emerging markets where the Company is seeing its strongest growth.

Following an extended period of industry-wide supply constraints in recent years due to the increasingly stringent environmental regulations imposed on Chinese producers, during the first half of the year procurement costs of chemical raw materials and intermediates started to decline as general levels of production and supply increased. This increase in production and supply was seen despite some disruptions due to the initial COVID-19 outbreak in the first quarter.

The Company started to benefit from this trend in the third quarter as these lower procurement costs have migrated through the Company's inventory cycle. However, the lower prices have also had a negative impact on the Company's sales of chemical raw materials and intermediates, which form part of its Ingredients & Intermediates business in both China and Israel.

Acquisition of Huifeng

On October 29, 2020, the Company announced the acquisition of a majority stake in a newly established company that will hold the vast majority of the crop protection synthesis and formulation facilities of Jiangsu Huifeng Bio Agriculture Co., Ltd ("Huifeng"), a leading Chinese crop protection producer and key player in the Chinese crop protection market.

For further details, please refer to "Progress on significant events, as well as the impact and solutions" section herein.

	January - September 2020 (000'RMB)	Same period last year (000'RMB)	+/-%	January - September 2020 (000'USD)	Same period last year (000'USD)	+/-%
Operating income (Revenues)	20,889,623	20,282,075	3.00%	2,986,609	2,961,572	0.85%
Cost of goods sold	14,757,406	13,607,433	8.45%	2,110,039	1,986,377	6.23%
Sales & Marketing expenses	3,681,011	3,664,412	0.45%	526,484	535,288	-1.65%
General & Administrative expenses	768,156	902,506	-14.89%	109,877	131,885	-16.68%
R&D expenses	280,212	317,642	-11.78%	40,069	46,357	-13.57%

	January - September 2020 (000'RMB)	Same period last year (000'RMB)	+/-%	January - September 2020 (000'USD)	Same period last year (000'USD)	+/-%
Financial Expenses	1,191,155	1,503,130	-20.75%	170,242	219,199	-22.33%
Gain (loss) from Changes in Fair Value	228,849	1,157,695	-80.23%	32,905	170,076	-80.65%
Investment Income (loss)	171,333	(467,057)	-136.68%	24,295	(69,534)	-134.94%
Total Net Financial Expenses and Investment Income	790,973	812,492	-2.65%	113,042	118,657	-4.73%
Total profits	465,547	962,140	-51.61%	66,070	140,951	-53.12%
Income tax expenses	240,489	167,407	43.66%	34,277	24,537	39.70%
Net income	225,058	794,733	-71.68%	31,793	116,414	-72.69%
EBITDA	3,068,857	3,524,465	-12.93%	438,459	515,069	-14.87%

	Q3 2020 (000'RMB)	Q3 2019 (000'RMB)	+/-%	Q3 2020 (000'USD)	Q3 2019 (000'USD)	+/-%
Operating income (Revenues)	6,768,583	6,666,043	1.54%	978,205	953,422	2.60%
Cost of goods sold	4,852,936	4,584,191	5.86%	701,346	655,666	6.97%
Sales & Marketing expenses	1,212,443	1,164,638	4.10%	175,224	166,573	5.19%
General & Administrative expenses	214,970	274,247	-21.61%	31,067	39,224	-20.79%
R&D expenses	92,027	106,943	-13.95%	13,300	15,295	-13.05%
Financial Expenses	348,363	564,934	-38.33%	50,348	80,798	-37.69%
Gain (loss) from Changes in Fair Value	(36,661)	273,560	-113.40%	(5,298)	39,126	-113.54%
Investment Income (loss)	119,204	47,386	151.56%	17,227	6,777	154.20%
Total Net Financial Expenses and Investment income	265,820	243,988	8.95%	38,419	34,895	10.10%
Total profits	16,700	232,965	-92.83%	2,418	33,320	-92.73%

	Q3 2020 (000'RMB)	Q3 2019 (000'RMB)	+/-%	Q3 2020 (000'USD)	Q3 2019 (000'USD)	+/-%
Income tax expenses	(3,709)	26,870	-113.80%	(534)	3,845	-113.89%
Net income	20,409	206,095	-90.09%	2,952	29,475	-89.97%
EBITDA	949,586	1,063,546	-10.71%	137,242	152,113	-9.77%

Note: Since the functional currency of main overseas subsidiaries is the USD, and the Company's management review of the Company's performance is based on the USD results, following explanations and analysis are based on USD-denominated numbers as listed above.

Analysis of Financial Highlights

(1) Revenues

Revenues in the third quarter grew by 12% and by 8% in the nine-month period, in constant exchange rates (CER) terms, compared to the corresponding periods last year. This growth was driven by strong increases in volumes, up 11% in the quarter and 8% in the nine-month period.

Growth in the quarter was led by a strong performance in Latin America, driven by robust volume growth across the region despite widespread COVID-19 related restrictions. Continued growth was also seen in Asia-Pacific as well as in the India, Middle East & Africa region. The noteworthy growth in the quarter in these regions more than compensated for lower sales in Europe and North America, largely due to challenging weather conditions.

In US dollar terms, sales grew by a more moderate 3% in the quarter and 1% in the nine-month period (2% and 3%, respectively in RMB terms), compared to the corresponding periods last year. The lower growth in USD (and RMB) terms reflects the generally weaker currencies, especially in the emerging markets of Latin America and the India, Middle East & Africa regions where the Company is growing the fastest, which constrained sales in US dollar terms by an estimated \$88 million and \$222 million, respectively, when compared to the same periods last year.

Regional Sales Performance

	Q3 2020 \$m	Q3 2019 \$m	Change USD	9M 2020 \$m	9M 2019 \$m	Change USD
Europe	181	188	-4.0%	790	816	-3.2%
North America	145	160	-9.3%	518	560	-7.6%
Latin America	335	302	10.9%	714	657	8.6%
Asia Pacific	148	138	7.0%	497	497	0.2%
Of which China	82	76	9.0%	250	255	-1.9%
India, Middle East & Africa	170	166	2.8%	468	432	8.3%
Total	978	953	2.6%	2,987	2,962	0.8%

Europe: Sales were lower by 5.0% in the third quarter and by 0.7% in the nine-month period, in CER terms, compared with the corresponding periods last year.

The lower sales in the quarter were largely due to the widespread extreme drought conditions which reduced crop protection application in key crops such as oilseed rape and winter cereals, resulting in some delayed sales, as well as

high inventories in distribution channels. During the quarter, the Company completed the acquisition of the remaining 51% of Alfa in Greece, bolstering its activities in this important market.

During the quarter, the Company obtained multiple new product registrations in the region, including COLT[®], a herbicide for the control of broadleaf weeds in winter cereals and pasture, and FOLPAN GOLD[®], a systemic fungicide to combat grapevine mildew, both registered in Bulgaria.

In US dollar terms, sales were lower by 4.0% in the quarter and by 3.2% in the nine-month period, compared to the corresponding periods last year, reflecting the net impact of the relative strengthening of European currencies against the US dollar in the quarter, contrasted with their relative weakness over the nine-month period.

North America: Sales were lower by 9.3% in the third quarter and by 7.1% in the nine-month period, in CER terms, compared with the corresponding periods last year.

Crop protection sales were markedly lower, largely due to disruptive weather conditions in the US which saw windstorms damage corn fields in the mid-west, fires raging in the orchards and vineyards of California and Oregon, and a heatwave challenging cotton farmers in Texas already contending with reduced demand due to the COVID-19 impact on the apparel industry, alongside low insect pressure impacting sales of insecticides. This was partially mitigated by the robust performance of the Company's Consumer and Professional Solutions business, which continues its strong recovery from the COVID-19 related challenges seen earlier in the year.

The Company continued to expand its differentiated product offering in the region, following the earlier launches in Canada of CUSTODIA[®], a combination fungicide controlling a wide range of diseases in corn, soybeans and wheat, as well as ORIUS[®], a broad-spectrum fungicide for wheat, barley and oat crops.

In US dollar terms, sales were lower by 9.3% in the quarter and by 7.6% in the nine-month period, compared to the corresponding periods last year, reflecting the moderate weakening of the Canadian Dollar seen in the first half of the year.

Latin America: Sales grew by a robust 38.7% in the third quarter and by 32.7% in the nine-month period, in CER terms, compared to the corresponding periods last year, driven by significant volume growth in key countries and continued price increases to partially compensate for the material weakness of the currencies in the region, and despite widespread COVID-19 related restrictions.

The Company saw significant volume growth in Brazil, driven by strong performances from its differentiated product portfolio including flagship product CRONNOS[®], the triple-action fungicide for soybean rust, GALIL[®], a differentiated combination insecticide and TRIVOR[®], a dual-action insecticide for rapid and extended control of sucking pests, following its successful 2019 launch.

Noteworthy performances were also recorded in Argentina, Colombia, Mexico and Paraguay, as well as in Peru, bolstered by the Company's recent acquisition in the country.

On October 14, 2020, the Company acquired a majority stake in FNV S.A., its key crop protection distributor in Paraguay, strengthening the Company's commercial presence in this important market and providing the Company with direct market access, ensuring the sustainability and growth of its key distribution platform.

During the quarter, the Company obtained multiple new product registrations in the region, including ARADDO[®], a complete solution for the management of a wide range of glyphosate-resistant weeds in soybean, corn and wheat crops in Brazil.

In US dollar terms, sales in the region grew by 10.9% in the quarter and 8.6% in the nine month period, compared to the corresponding periods last year, as the robust business growth was heavily impacted by weaker currencies in the region, in particular the significant decline in the Brazilian Real against the US dollar.

Asia Pacific: Sales grew by 5.3% in the quarter and by 3.4% in the nine-month period, in CER terms, compared to the corresponding periods last year, driven by continued volume growth.

In Asia-Pacific (outside of China), the Company saw strong performance from Australia and New Zealand, benefiting from favorable weather, and more than offsetting challenging seasonal conditions in South East Asia.

During the quarter, the Company obtained multiple new product registrations in the region, including ULTRO® 900 (Carbetamide), a herbicide for the control of grasses in all pulse crops. This is a new active ingredient in Australia for broadacre cropping, the country's largest cropping segment.

In China, the Company delivered moderate growth in the quarter, with a strong performance from its branded, formulated sales being partially offset by lower prices received for its raw materials and intermediates due to increased supply generally from Chinese producers. The growth in the formulated products was supported by new product launches including AN GUO XUAN®, a protective fungicide for tomatoes, and XIN TUO LONG®, an effective growth regulating solution for cotton harvesting in the Xinjiang region.

In US dollar terms, sales in the region grew by 7.0% in the third quarter were flat over the nine-month period, compared to the corresponding periods last year, reflecting the strengthening of the Chinese Renminbi against the US dollar in Q3, contrasted with the generally weaker currencies over the nine month period.

India, Middle East and Africa: Sales grew by 7.5% in the quarter and by 14.2% in the nine-month period, in CER terms, compared to the corresponding periods last year, driven by robust volume growth.

The growth in the region was driven mainly by a strong performance in India, which benefited from above-average monsoon rains and good cropping conditions.

During the quarter, the Company continued to expand its hybrid product offering in the region, launching TRIGUS®, an insecticide for use on sucking pests, in India.

In US dollar terms, sales in the region grew by 2.8% in the quarter and by 8.3% in the nine month period, compared to the corresponding periods last year, reflecting the impact of softer currencies, most notably the Turkish Lira, the Indian Rupee and the South African Rand.

(2) Gross Profit:

The third quarter saw the Company start to benefit from a marked drop in procurement costs which began earlier in the year and which are now migrating through the Company's inventory cycle. This was partially offset by somewhat higher manufacturing costs related to the stronger Israel shekel. However, in both the third quarter and nine-month periods, the strong volume growth and lower procurement costs were more than offset by the material depreciation of global currencies, which constrained gross profit by an estimated \$75 million and \$184 million, respectively.

(3) Operating Expenses:

Operating expenses include Sales and Marketing, General and Administration and R&D. Total operating expenses in the third quarter were \$220 million (22.5% of sales) and \$676 million (22.6% of sales) in the nine-month period, compared to \$221 million (23.2% of sales) and \$714 million (24.1% of sales) in the corresponding periods last year, respectively. The Company continues to maintain tight control of its operating expenses, which were also naturally constrained by the impact of COVID-19, and saw a marked decrease in expenses in both the quarter and nine-month periods, despite the inclusion of recent acquisitions. Operating expenses in the 2020 periods also benefited from the global currency weakness against the US dollar when compared to prior periods, while operating expenses in the 2019 nine-month period were net of income related to expropriation of land recorded then.

In recent years, the Company recorded various one-time or non-cash or non-operational items affecting its reported numbers, including as a result of mergers and acquisitions, which resulted in the inclusion within its operating expenses of, mainly, the following items:

- **Amortization of legacy Purchase Price Allocation (PPA) of 2011 acquisition of Adama Agricultural Solutions Ltd., a wholly-owned subsidiary of the Company (hereinafter: “Solutions”) (non-cash):** Under PRC GAAP, since the first combined reporting in Q3 2017 following the combination, the Company has inherited the historical “legacy” amortization charge that ChemChina previously was incurring in respect of its acquisition of Solutions in 2011. This amortization is done in a linear manner on a quarterly basis, most of which will be fully amortized by the end of 2020. Its reported financial impact (affecting the Sales & Marketing expenses) in both the third quarter and the first nine months of 2020 is RMB 66 million (USD 10 million) and RMB 199 million (USD 29 million), net of tax, respectively, compared with RMB 66 million (USD 10 million) and RMB 195 million (USD 29 million) in the corresponding periods in 2019.
- **Amortization of Transfer assets received and written-up due to 2017 ChemChina-Syngenta transaction (non-cash):** The proceeds from the Divestment of crop protection products in connection with the approval by the EU Commission of the acquisition of Syngenta by ChemChina, net of taxes and transaction expenses, were paid to Syngenta in return for the transfer of a portfolio of products in Europe of similar nature and economic value. Since the products acquired from Syngenta are of the same nature, and with the same net economic value as those divested, the Divestment and Transfer transactions had no net impact on the underlying economic performance of the Company. Its reported financial impact (affecting the Sales & Marketing expenses) in both the third quarter and the first nine months of 2020 is RMB 53 million (USD 8 million) and RMB 160 million (USD 23 million), net of tax, respectively, compared with RMB 54 million (USD 8 million) and RMB 188 million (USD 27 million) in the corresponding periods in 2019.
- **Employee early retirement plan expenses:** a one-time provision for the early retirement plan of employees at the Company’s Israeli manufacturing facilities. Its reported financial impact (affecting the General & Administrative expenses) in both the third quarter and the first nine months of 2020 is RMB 4.2 million (USD 0.6 million) and RMB 70 million (USD 10 million), net of tax, respectively, most of which was recorded in the first quarter of 2020.

(4) Financial Expenses

“Financial Expenses” alone mainly reflect interest payments on corporate bonds and bank loans as well as foreign exchange gains/losses on the bonds and other monetary assets and liabilities before the Company carries out any hedging. The impact of Financial Expenses (before hedging) is RMB 1,191 million and RMB 348 million (USD 170 million and USD 50 million) for the three and first nine months of 2020, respectively, compared with RMB 1,503 million and RMB 565 million (USD 219 million and USD 81 million) for the corresponding periods in 2019.

Given the global nature of its operational activities and the composition of its assets and liabilities, the Company, in the ordinary course of its business, uses foreign currency derivatives (forwards and options) to hedge the cash flow risks associated with existing monetary assets and liabilities that may be affected by exchange rate fluctuations. Net gains/losses from hedging of those positions, are recorded in “Gains/Losses from Changes in Fair Value”, and are then transferred to “Investment Income” upon realization. The combined impact of the hedging transactions on Gains/Losses from Changes in Fair Value and Investment Income is a net gain of RMB 324 million and RMB 21 million (USD 46 million and USD 3 million) in the three and first nine months of 2020, respectively, compared with RMB 665 million and RMB 317 million (USD 97 million and USD 45 million) in the corresponding period in 2019.

In addition, Investment Income also mainly includes an amount of RMB 15 million (USD 2 million) in respect of equity accounted investees in the first nine months of 2020 compared with RMB 23 million (USD 3 million) in the corresponding period in 2019 and RMB 59 million (USD 9 million) capital gain from gaining control over an equity

investee, bringing the total Gains/Losses from Changes in Fair Value and Investment Income to RMB 400 million (USD 57 million) in the first nine months of 2020 compared with RMB 691 million (USD 101 million) in the corresponding period in 2019.

The aggregate of Financial Expenses, Gains/Losses from Changes in Fair Value and Investment Income (hereinafter as “Total Net Financial Expenses and Investment Income”), which more comprehensively reflects the financial expenses of the Company in supporting its main business and protecting its monetary assets/liabilities, amounts to RMB 867 million and RMB 328 million (USD 124 million and USD 47 million) in the three and first nine months of 2020, respectively, compared with RMB 838 million and RMB 248 million (USD 122 million and USD 35 million) in the corresponding period in 2019.

The higher financial expenses in the quarter were due to an increase in financing costs on the NIS-denominated, CPI-linked bonds due to a higher CPI in Israel, as well as the effect on balance sheet positions of the strengthening of the RMB when compared to 2019.

(5) Income Tax Expenses

The lower tax expenses in the quarter were driven by the lower operating income, while the comparative quarter in 2019 saw higher tax expenses due to the devaluation of the Brazilian Real in that quarter, which resulted in non-cash tax expenses due to differences between the functional currency (US dollar) and tax currency (BRL) with respect to the value of non-monetary assets. The higher tax expenses in the nine-month period are largely due to the first-quarter impact of the weakening of the Brazilian Real against the US dollar, which resulted once again in an increase in non-cash tax expenses.

Changes in main assets and liabilities

Unit: RMB'000

Assets and liabilities	September 30, 2020	December 31, 2019	% change	Explanation for any major change
Cash at bank and on hand	5,733,413	4,348,588	31.85%	Additional loans mainly to support the relocation projects
Accounts receivable	8,156,741	8,004,157	1.91%	No Significant change
Inventories	11,109,614	9,932,654	11.85%	No Significant change
Investment property	3,528	3,771	-6.44%	No Significant change
Long term equity investments	13,353	133,098	-89.97%	Gaining control over an equity investee and impairment of an equity investee.
Fixed assets	6,758,241	6,939,610	-2.61%	No Significant change
Construction in progress	1,085,781	788,386	37.72%	Changes are mainly due to investments as part of China relocation and CIP transferred to fixed assets.
Short-term loans	2,026,051	2,009,882	0.80%	No Significant change
Long-term loans	2,169,444	927,159	133.99%	Additional loans mainly to support the relocation and working capital
Financial assets at fair value through profit or loss	3,044	29,510	-89.68%	Mainly as a result of realization of assets.
Derivative financial assets	879,374	490,113	79.42%	Revaluation and realization of derivatives.
Bills receivable	128,050	26,000	392.50%	Increase from inclusion of a newly consolidated company

Assets and liabilities	September 30, 2020	December 31, 2019	% change	Explanation for any major change
Other receivables	1,708,941	1,195,253	42.98%	Mainly increase in receivables included in the securitization program
Derivative financial liabilities	1,004,517	691,475	45.27%	Realization and revaluation of derivatives.
Other payables	1,468,951	1,049,594	39.95%	Mainly increase in liabilities in respect of securitization transaction
Contract liabilities	1,078,082	664,228	62.31%	Seasonality increase mainly due to rebates
Other comprehensive income	623,522	1,192,681	-47.72%	Mainly from strengthening of the RMB in relation to the USD which decreased the investment in ADAMA solutions
Treasury shares	28,200	-	100.00%	Due to the B-Shares repurchase

II. Progress on significant events, as well as the impact and solutions

✓ Applicable Not applicable

- On July 13, 2020, Syngenta Group Co., Ltd., the controlling shareholder of the Company, timely completed the performance compensation commitment related to the 2017 Major Assets Restructuring. For details, please refer to the Announcement on the Completion of Buyback and Cancellation of the Compensation Shares (announcement no. 2020-36) published by the Company on July 15, 2020 on www.cninfo.com.cn.
- On October 28, 2020, the 27th Meeting of the 8th Session of the Board approved a Proposal on the Acquisition of a 51% Equity Stake in Jiangsu Kelinong Agrochemical Co., Ltd. and an Additional 1% in Shanghai Dibai Plant Protection Co., Ltd., and a Proposal on the Second Supplemental Agreement to the Equity Purchase Agreement regarding the Company's Acquisition of a 50% Equity Stake in Shanghai Dibai Plant Protection Co., Ltd. Benefiting from the transactions under the above two proposals, the Company will enhance its business both in China and globally. Globally, the Company will gain access to backward-integrated and competitive positions in key molecules, which it intends to use to drive significant growth through its worldwide market reach. In China, the Company will be able to ensure supply and competitive costing over Huifeng's wide portfolio of product registrations which complement the Company's, and thereby will bolster its position and offering in this key market. For details, please refer to the relevant announcements (announcement no. 2020-59, 2020-60) published by the Company on October 29, 2020 on www.cninfo.com.cn.
- In accordance with the "Accounting Standards for Business Enterprises", the Company recorded an impairment of RMB 116 million in the nine-month period. For details, please refer to the Announcement on Assets Impairment in the nine-month period of 2020 (announcement no.2020-64) published by the Company on October 30, 2020 on www.cninfo.com.cn.

Status of share buyback

✓ Applicable Not applicable

In order to protect the Company's value and shareholders' interests, the 26th Meeting of the 8th Session of the Board of Directors of the Company held on August 19, 2020 and the 3rd Interim Shareholders Meeting of the Company in 2020 held on September 7, 2020 approved the Repurchase Plan for Part of the Company's Domestically Listed Foreign Shares (B share). According to the Repurchase Plan, the Company intends to repurchase (and cancel) a portion of its B-shares resulting in a corresponding reduction of the Company's registered capital. The upper limit of the number of shares to be repurchased is 26,000,000 shares, with the lower limit being 13,000,000 shares, at

a price that shall not exceed 5.70 HKD/share, such that the total funds to be used for the repurchase shall not exceed RMB 132.562 million (including foreign exchange fees, transaction fees and other related fees).

Within the period starting at September 16, 2020 and ending on September 30, 2020, the Company repurchased 6,255,343 B-Shares by means of centralized price bidding transactions through a B-Shares repurchase account, which account for 0.27% of the Company's total share capital. Within this period, the highest transaction price was 5.22 HKD/share, the lowest transaction price was 4.93 HKD/share, and the total amount paid amounted to HKD 31,835,349 (excluding transaction fees).

Whether the Company sold out the shares which were bought back by means of centralized price bidding

Applicable Not applicable

III. None completion of Commitments that should have been completed in the Reporting Period by the Company, actual controller, shareholders, related parties, acquirer, and other committed parties

Applicable Not applicable

No such cases in the Reporting Period.

IV. Investments on Finance Assets
1. Securities investment

Applicable Not applicable

No such cases in the Reporting Period.

2. Investment in derivative financial instruments

√ Applicable □ Not applicable

Unit: RMB'000

The party that operates the investment	Relation with the Company	Related party transaction or not?	Type	Initial investment amount	Starting date	Expiring date	Investment amount at beginning of the period	Amount purchased during the reporting period	Amount sold during the reporting period	Impairment accrued (if any)	Investment amount at end of the period	Percentage of investment amount divided by net asset at end of the period	Gain/loss during the reporting period
Banks	No	No	Option	2,078,908	2020/07/04	14/12/2020	2,078,908	2,833,227	-3,393,207	No	1,518,928	6.92%	111,428
Banks	No	No	Forward	19,122,640	22/04/2020	19/01/2021	19,122,640	35,613,098	-35,220,935	No	19,514,803	88.85%	259,998
Total				21,201,548	-	-	21,201,548	38,446,325	-38,614,142	No	21,033,731	95.77%	371,426
Source of fund for the investment				Internal									
Litigation-related situations (if applicable)				N/A									
Date of disclosure of Board approval (if any)				December 30, 2017									
Date of disclosure of Shareholders' approval (if any)				N/A									
Risk and control analysis for the reporting period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)				<p>The aforesaid refers to short term hedging currency transactions made with banks. The Group's transactions are not traded in the market. The Transactions are between the applicable company in the Group and the applicable bank until the expiration date of the transaction, therefore no market risk is involved. Regarding credit and liquidity risk, the Group is working with large and substantial banks only and with some of them the Group has ISDA agreements. As to operational risk, the Group is working with relevant software, which is its back office for all transactions. No legal risk is involved. The actions taken in order to further reduce risks are:</p> <ul style="list-style-type: none"> • The relevant subsidiaries have specific guidelines, under the Group's policy, which were approved by the subsidiaries' financial statements committee of the board, which specifies, inter alia, the hedging policy, the persons that have the authorization to deal with hedging, the tools, ranges etc. The only subsidiary that has hedging positions in the Group in the period was Solutions and its subsidiaries. • The relevant subsidiaries apply management designed procedures and controls, which among other things, monitor the working process and the controls of the hedging transactions and are quarterly reviewed and annually audited. • The controllers of the relevant subsidiaries are involved in the process and are monitoring the hedging accounting treatment. <p>Every 2-3 years the internal audit of the relevant subsidiaries' department is auditing the entire procedure.</p>									
Market price or fair value change of investments during the reporting period. Specific methodology and assumptions should be disclosed in the analysis of fair value of the investments				<p>The aforesaid refers to short time hedging currency transactions made by the relevant subsidiary with banks. Segregation of duties as follows: For the fair value evaluation, the relevant subsidiary is usually using external experts. The relevant subsidiary hedges currencies only; the relevant transactions are simple (Options and forwards) for short terms. For fair value methodology see section XI of the annual report, note IX. Fair Value. The exchange rates are provided by the accounting department of the relevant subsidiary and all other parameters are provided by the experts.</p>									
Explanation for any significant changes in accounting policies and principles, compared with last reporting period				N/A									
Independent Directors' opinion on the investment in derivative financial instruments and related risk controls				<p>The derivative investments carried by the Company are for hedging and narrowing down the risk of market fluctuations. The investments respond to the Company's routine business demands and are in accordance with the relevant laws and regulations. Additionally, the Company has adopted Currency Risk Hedging Policy to strengthen the risk management and control which benefit the Company's ability to protect against market risk. The derivative investments do not harm the interests of the Company and its shareholders.</p>									

V. Progress on the designated projects used the raised funds

Applicable Not applicable

With the approval of China Securities Regulatory Commission for the issuance of shares to China National Agrochemical Co., Ltd. to acquire assets and raise supporting funds (CSRC Permits [2017] No.1096), the Company issued 104,697,982 ordinary A shares in December 2017, at an issue price of RMB 14.90 per share, raising a total amount of RMB1,559,999,931.80 ("Raised Funds"). After deducting the underwriting fees of RMB 28,079,998.78, the net amount received by the Company on 27 December 2017 was RMB 1,531,919,933.02. Deloitte Touche Tohmatsu Certified Public Accountant LLP verified the amount and issued a capital verification report (De Shi Bao (Yan) Zi (17) No.00540).

As of the disclosure date of this Report, the Company has used RMB 400.08 million of the Raised Funds for the acquisition of Anpon; RMB 131.03 million in the product development and registration project; RMB 59.13 million in the fixed asset investment project; and RMB 127.13 million in the transaction cost, taxes and fees.

As of September 30, 2020, the balance of the Raised Funds is RMB 893,731,302.67. The Company intends to use the above balance (including interest income, and subject to the bank settlement balance on the date of transfer), with the approval of the shareholders meeting to be held on November 16, 2020, for the payment for the 51% equity stake in Shanghai Dibai Plant Protection Co., Ltd. and the 51% equity stake in Jiangsu Kelinong Agrochemical Co., Ltd. from Jiangsu Huifeng Agrochemical Co., Ltd.

For details, please refer to the Announcement on the Use of the Raised Funds for the Acquisition of the 51% Equity Stake in Jiangsu Kelinong Agrochemical Co., Ltd. as well as that in Shanghai Dibai Plant Protection Co., Ltd. (announcement no. 2020-61), Announcement on the Termination of the Use of Raised Funds for Certain Designated Projects (announcement no. 2020-26), Announcement on the Change of Certain Designated Projects (announcement no. 2019-17) separately published by the Company on October 29, 2020, April 28, 2020, and March 21, 2019.

VI. Performance forecast for January-December 2020

Warning of possible loss or considerable YoY change in the accumulative net profit made during the period-beginning to the end of the next reporting period, as well as the reasons:

Applicable Not applicable

VII. Significant contract in the routine business

Applicable Not applicable

VIII. Wealth management entrustment

Applicable Not applicable

No such cases in the Reporting Period.

IX. Illegal provision of guarantees for external parties

Applicable Not applicable

No such cases in the Reporting Period.

X. Inadequate use of Company's capital by the controlling shareholder or its related parties for non-operating purposes

Applicable Not applicable

No such cases in the Reporting Period.

XI. Information regarding communication with investors

Applicable Not applicable

Date	Place	Reception mode	Type of visitor	Name of the visitor	About	Index
April 27, 2020	Not applicable	Phone call	Institutional investors	Everbright Securities, CITIC Securities, CICC, Industrial Securities, TF Securities, Shenwan Hongyuan Securities, North East Securities, Haitong Securities, Dongxing Securities, CMS, Zhongtai Securities	Introduction on the Q1 performance. Corresponding slides was published on the website of the Company.	Record of the Communications between the Company and the Investors (record number-2020-1) published by the Company on April 29, 2020.
August 20, 2020	Not applicable	Phone call	Institutional investors	Everbright Securities, CICC, Industrial Securities, TF Securities, Haitong Securities, Dongxing Securities, CMS, Zhongtai Securities, BOC International, Nanjing Securities, HSBC Qianhai Securities, Banc of America Securities	Introduction on the Q2 performance. Corresponding slides was published on the website of the Company.	Record of the Communications between the Company and the Investors (record number-2020-2) published by the Company on August 23, 2020.
August 21, 2020	Not applicable	Webcasting	Institutional investors and natural person investors	Not applicable	Introduction on the H1 and Q2 performance. Corresponding slides was published on the website of the Company.	Record of the Communications between the Company and the Investors (record number-2020-3) published by the Company on August 25, 2020.

Section IV - Financial Statements

I. Financial statements

1. Consolidated balance sheet

Prepared by Adama Ltd.

30 September 2020

Unit: RMB'000

Item	September 30, 2020	December 31, 2019	Item	September 30, 2020	December 31, 2019
Current assets:			Current liabilities:		
Cash at bank and on hand	5,733,413	4,348,588	Short-term loans	2,026,051	2,009,882
Financial assets held for trading	3,044	29,510	Derivative financial liabilities	1,004,517	691,475
Derivative financial assets	879,374	490,113	Bills payable	349,629	321,674
Notes receivable	128,050	26,000	Accounts payable	4,681,994	4,205,901
Accounts receivable	8,156,741	8,004,157	Contract liabilities	1,078,082	664,228
Receivables financing	37,979	78,948	Employee benefits payable	1,044,840	1,211,713
Prepayments	283,840	377,808	Taxes payable	410,166	369,038
Other receivables	1,708,941	1,195,253	Other payables	1,468,951	1,049,594
Inventories	11,109,614	9,932,654	Non-current liabilities due within one year	1,288,081	1,066,243
Other current assets	670,500	659,195	Other current liabilities	319,299	355,243
Total current assets	28,711,496	25,142,226	Total current liabilities	13,671,610	11,944,991
Non-current assets:			Non-current liabilities:		
Long-term accounts receivable	132,511	170,896	Long-term loans	2,169,444	927,159
Long-term equity investments	13,353	133,098	Debentures payable	8,402,478	7,965,942
Other equity investments	153,405	155,062	Lease liabilities	385,813	406,358
Investment property	3,528	3,771	Long-term accounts payable	27,438	29,021
Fixed assets	6,758,241	6,939,610	Long-term employee benefits payables	693,492	738,854
Construction in progress	1,085,781	788,386	Provisions	158,451	176,822
Right-of-use assets	503,899	536,034	Deferred tax liabilities	387,133	323,304
Intangible assets	5,282,656	5,835,785	Other non-current liabilities	432,746	404,824
Goodwill	4,532,836	4,511,193	Total non-current liabilities	12,656,995	10,972,284
Deferred tax assets	883,283	826,696	Total liabilities	26,328,605	22,917,275
Other non-current assets	231,723	246,183	Owners' equity:		
Total non-current assets	19,581,216	20,146,714	Share capital	2,344,121	2,446,554
Total assets	48,292,712	45,288,940	Capital reserve	13,023,218	12,903,168
			Less: Treasury share	28,200	-
			Other comprehensive income	623,522	1,192,681
			Special reserves	18,284	14,927
			Surplus reserve	240,162	240,162
			Retained earnings	5,743,000	5,574,173
			Total shareholders' equity	21,964,107	22,371,665
			Total liabilities and shareholders' equity	48,292,712	45,288,940

Ignacio Dominguez

Legal representative

Aviram Lahav

Chief of the accounting work

Aviram Lahav

Chief of the accounting organ

2. Balance sheet of the Company

Unit: RMB'000

Item	September 30, 2020	December 31, 2019
Current Assets:		
Cash at bank and on hand	1,506,708	1,423,051
Accounts receivable	319,014	349,109
Receivables financing	11,969	11,722
Prepayments	6,480	6,055
Other receivables	39,694	14,051
Inventories	120,461	97,861
Other current assets	34,657	19,117
Total current assets	2,038,983	1,920,966
Non-current assets:		
Long-term equity investments	16,371,411	16,371,411
Other equity investments	85,495	85,495
Investment property	3,528	3,771
Fixed assets	762,383	777,476
Construction in progress	746,809	504,936
Right-of-use assets	144	486
Intangible assets	222,374	170,053
Deferred tax assets	57,322	84,950
Other non-current assets	39,068	73,668
Total non-current assets	18,288,534	18,072,246
Total assets	20,327,517	19,993,212
Current liabilities:		
Short-term loans	150,000	150,000
Bills payables	70,460	90,190
Accounts payables	215,144	124,228
Contract liabilities	10,261	6,748
Employee benefits payable	144,864	204,238
Taxes payable	2,327	3,614
Other payables	220,997	237,266
Non-current liabilities due within one year	24,500	454
Total current liabilities	838,553	816,738
Non-current liabilities:		
Long-term loans	526,500	141,960
Lease liabilities	-	21
Long-term employee benefits payables	96,161	96,826
Provisions	43,851	43,238
Other non-current liabilities	171,770	171,770
Total non-current liabilities	838,282	453,815
Total liabilities	1,676,835	1,270,553
Owners' equity:		
Share capital	2,344,121	2,446,554
Capital reserves	15,569,929	15,449,878
Less: Treasury share	28,200	-
Other comprehensive income	37,267	41,308
Special reserves	16,343	12,973
Surplus reserves	240,162	240,162
Retained earnings	471,060	531,784
Total owners' equity	18,650,682	18,722,659
Total liabilities and owners' equity	20,327,517	19,993,212

3. Consolidated income statement for the Reporting Period

Unit: RMB'000

Item	July-September, 2020	July-September, 2019
1. Total operating income	6,768,583	6,666,043
Less: Cost of sales	4,852,936	4,584,191
Taxes and surcharges	21,330	18,495
Selling and Distribution expenses	1,212,443	1,164,638
General and Administrative expenses	214,970	274,247
Research and Development expenses	92,027	106,943
Financial expenses	348,363	564,934
Including: Interest expense	172,212	196,172
Interest income	17,246	23,000
Add: Investment income, net	119,204	47,386
Including: Income from investment in associates and joint ventures	299	944
Gain (loss) from changes in fair value	(36,661)	273,560
Credit impairment loss	(14,460)	(23,376)
Asset impairment loss	(82,152)	(16,626)
Gain (loss) from disposal of assets	(173)	5,890
2. Operating profit	12,272	239,429
Add: Non-operating income	9,308	3,022
Less: Non-operating expense	4,880	9,486
3. Total profit	16,700	232,965
Less: income tax expense	(3,709)	26,870
4. Net profit	20,409	206,095
4.1 Classified by nature of operations		
4.1.1 Continuing operations	20,409	206,095
4.1.2 Discontinued operations	-	-
4.2 Classified by ownership		
4.2.1 Shareholders of the Company	20,409	206,095
4.2.2 Non-controlling interests	-	-
5. Other comprehensive income net of tax		
Other comprehensive income net of tax attributable to shareholders of the Company	(716,531)	535,389
5.1 Items that will not be reclassified into profit/loss	(19,483)	(29,628)
5.1.1 Re-measurement of defined benefit plan liability	(19,483)	(23,079)
5.1.2 FV changes in other equity investment	-	(6,549)
5.2 Items that were or will be reclassified to profit or loss	(697,048)	565,017
5.2.1 Effective portion of gains or loss of cash flow hedge	(27,290)	120,790
5.2.2 Translation differences of foreign financial statements	(669,758)	444,227
6. Total comprehensive income for the period Attributable to shareholders of the Company	(696,122)	741,484
7. Earnings per share		
7.1 Basic earnings per share (RMB/ share)	0.0086	0.0842
7.2 Diluted earnings per share (RMB/ share)	N/A	N/A

Ignacio Dominguez

Legal representative

Aviram Lahav

Chief of the accounting work

Aviram Lahav

Chief of the accounting organ

4. Income statement of the Company for the Reporting Period

Unit: RMB'000

Item	July-September, 2020	July-September, 2019
1. Operating income	431,956	395,343
Less: Cost of sales	354,584	286,894
Taxes and surcharges	1,411	1,625
Selling and Distribution expenses	14,132	12,885
General and Administrative expenses	38,969	97,658
Research and Development expenses	2,668	16,362
Financial expenses (income)	13,977	(13,275)
Including: Interest expense	2,478	583
Interest income	4,458	6,439
Add: Investment income, net	2,583	2,583
Credit impairment reversal	4,457	376
Asset Impairment loss	(2,581)	(3,990)
2. Operating profit	10,674	(7,837)
Add: Non-operating income	828	25
Less: Non-operating expense	347	50
3. Total profit	11,155	(7,862)
Less: Income tax expense	(244)	(50,591)
4. Net profit	11,399	42,729
4.1 Continuing operations	11,399	42,729
4.2 Discontinued operations	-	-
5. Other comprehensive income net of tax	-	(6,549)
5.1 Items that will not be reclassified into profit/loss	-	(6,549)
5.1.1 Re-measurement of defined benefit plan liability	-	-
5.1.2 FV changes in other equity investment	-	(6,549)
5.2 Items that were or will be reclassified to profit or loss	-	-
6. Total comprehensive income for the period	11,399	36,180

5. Consolidated income statement for the period from the year-beginning to the end of the Reporting Period

Unit: RMB'000

Item	January-September, 2020	January-September, 2019
1. Total operating income	20,889,623	20,282,075
Less: Cost of sales	14,757,406	13,607,433
Taxes and surcharges	67,447	64,721
Selling and Distribution expenses	3,681,011	3,664,412
General and Administrative expenses	768,156	902,506
Research and Development expenses	280,212	317,642
Financial expenses:	1,191,155	1,503,130
Including: Interest expense	522,253	521,310
Interest income	46,871	64,534
Add: Investment income (loss), net	171,333	(467,057)
Including: Income from investment in associates and joint ventures	14,691	22,668
Gain (loss) from changes in fair value	228,849	1,157,695
Credit impairment loss	(8,871)	(20,029)
Asset impairment loss	(107,528)	(40,435)
Gain from disposal of assets	7,521	121,404
2. Operating profit	435,540	973,809
Add: Non-operating income	48,328	13,833
Less: Non-operating expense	18,321	25,502
3. Total profit	465,547	962,140
Less: income tax expense	240,489	167,407
4. Net profit	225,058	794,733
4.1 Classified by nature of operations		
4.1.1 Continuing operations	225,058	794,733
4.1.2 Discontinued operations	-	-
4.2 Classified by ownership		
4.2.1 Shareholders of the Company	225,058	794,733
4.2.2 Non-controlling interests	-	-
5. Other comprehensive income net of tax		
Other comprehensive income net of tax attributable to shareholders of the Company	(569,158)	421,918
5.1 Items that will not be reclassified into profit/loss	19,890	(34,045)
5.1.1 Re-measurement of defined benefit plan liability	19,890	(37,057)
5.1.2 FV changes in other equity investment	-	3,012
5.2 Items that were or will be reclassified to profit or loss	(589,048)	455,963
5.2.1 Effective portion of gains or loss of cash flow hedge	(105,575)	(31,203)
5.2.2 Translation differences of foreign financial statements	(483,473)	487,166
6. Total comprehensive income for the period Attributable to shareholders of the Company	(344,100)	1,216,651
7. Earnings per share		
7.1 Basic earnings per share (RMB/ share)	0.0929	0.3248
7.2 Diluted earnings per share (RMB/ share)	N/A	N/A

Ignacio Dominguez

Legal representative

Aviram Lahav

Chief of the accounting work

Aviram Lahav

Chief of the accounting organ

6. Income statement of the Company for the period from the year-beginning to the end of the Reporting Period

Unit: RMB'000

Item	January-September, 2020	January-September, 2019
1. Operating income	1,105,602	1,130,769
Less: Cost of sale	891,898	805,455
Taxes and surcharges	4,232	10,535
Selling and Distribution expenses	31,204	55,939
General and Administrative expenses	172,307	288,608
Research and Development expenses	7,227	40,826
Financial expenses:	9,151	(14,529)
Including: Interest expense	5,621	2,642
Interest income	12,965	20,772
Add: Investment income (loss), net	2,583	2,583
Credit impairment loss	3,783	(1,257)
Asset Impairment loss	(5,445)	(4,262)
Gain from disposal of assets	101	-
2. Operating profit	(9,395)	(59,001)
Add: Non-operating income	6,425	4,455
Less: Non-operating expense	767	1,946
3. Total profit	(3,737)	(56,492)
Less: Income tax expense	27,628	(61,432)
4. Net profit	(31,365)	4,940
4.1 Continuing operations	(31,365)	4,940
4.2 Discontinued operations	-	-
5. Other comprehensive income net of tax	(4,041)	(1,499)
5.1 Items that will not be reclassified into profit/loss	(4,041)	(1,499)
5.1.1 Re-measurement of defined benefit plan liability	(4,041)	(1,499)
5.2 Items that were or will be reclassified to profit or loss	-	-
6. Total comprehensive income for the period	(35,406)	3,441

7. Consolidated cash flow statement for the period from the year-beginning to the end of the Reporting Period

Unit: RMB'000

Item	January-September, 2020	January-September, 2019
1. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	19,666,330	18,678,554
Refund of taxes and surcharges	156,475	50,825
Cash received relating to other operating activities	653,446	385,343
Sub-total of cash inflows from operating activities	20,476,251	19,114,722
Cash paid for goods and services	13,839,037	13,819,496
Cash paid to and on behalf of employees	2,751,086	2,589,280
Payments of taxes and surcharges	289,260	579,208
Cash paid relating to other operating activities	2,204,868	2,032,477
Sub-total of cash outflows from operating activities	19,084,251	19,020,461
Net cash flows from operating activities	1,392,000	94,261
2. Cash flows from investing activities:		
Cash received from disposal of investments	27,994	20,173
Cash received from returns of investments	54,304	7,763
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	17,615	182,089
Cash received from other investing activities	2,673	59,687
Sub-total of cash inflows from investing activities	102,586	269,712
Cash paid to acquire fixed assets, intangible assets and other long-term assets	1,301,309	1,090,047
Cash paid for acquisition of investments	51,435	-
Net cash paid to acquire subsidiaries or other business units	96,207	826,805
Cash paid for other investing activities	47,739	15,177
Sub-total of cash outflows from investing activities	1,496,690	1,932,029
Net cash flows from investing activities	(1,394,104)	(1,662,317)
3. Cash flows from financing activities:		
Cash received from borrowings	3,852,354	2,668,024
Cash received relating to other financing activities	74,843	132,216
Sub-total of cash inflows from financing activities	3,927,197	2,800,240
Cash repayment of borrowings	1,671,913	1,483,578
Cash payment for dividends, profit distributions or interest	411,063	706,890
Including: dividends paid to non-controlling interest	26,176	29,209
Cash paid relating to other financing activities	320,160	894,617
Sub-total of cash outflows from financing activities	2,403,136	3,085,085
Net cash flows from financing activities	1,524,061	(284,845)
4. Effect of foreign exchange rate changes on cash and cash Equivalents	(147,850)	61,806
5. Net increase (decrease) in cash and cash equivalents	1,374,107	(1,791,095)
Add: Cash and cash equivalents at the beginning of the period	4,319,907	6,346,196
6. Cash and cash equivalents at the end of the period	5,694,014	4,555,101

8. Cash flow statement of the Company for the period from the year-beginning to the end of the Reporting Period

Unit: RMB'000

Item	January-September, 2020	January-September, 2019
1. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	1,043,838	1,357,646
Refund of taxes and surcharges	55,557	25,691
Cash received relating to other operating activities	21,070	26,770
Sub-total of cash inflows from operating activities	1,120,465	1,410,107
Cash paid for goods and services	764,441	843,164
Cash paid to and on behalf of employees	163,232	138,028
Payments of taxes and surcharges	7,211	76,174
Cash paid relating to other operating activities	140,369	133,914
Sub-total of cash outflows from operating activities	1,075,253	1,191,280
Net cash flows from operating activities	45,212	218,827
2. Cash flows from investing activities:		
Cash received from returns of investments	2,583	4,391
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	114	-
Sub-total of cash inflows from investing activities	2,697	4,391
Cash paid for acquisition of investments	-	415,000
Cash paid to acquire fixed assets, intangible assets and other long-term assets	311,234	214,548
Sub-total of cash outflows from investing activities	311,234	629,548
Net cash flows from investing activities	(308,537)	(625,157)
3. Cash flows from financing activities:		
Cash received from borrowings	601,500	190,000
Cash received relating to other financing activities	5,919	39,886
Sub-total of cash inflows from financing activities	607,419	229,886
Cash repayment of borrowings	192,500	92,000
Cash payment for dividends, profit distributions or interest	25,221	240,028
Cash paid relating to other financing activities	28,400	8,836
Sub-total of cash outflows from financing activities	246,121	340,864
Net cash flows from financing activities	361,298	(110,978)
4. Effect of foreign exchange rate changes on cash and cash Equivalents	(8,397)	(184)
5. Net increase (decrease) in cash and cash equivalents	89,576	(517,492)
Add: cash and cash equivalents at the beginning of the period	1,395,994	2,005,313
6. Cash and cash equivalents at the end of the period	1,485,570	1,487,821

II. Adjustments of the financial statements

1. Opening balance adjustments due to adoption of new accounting standards for financial instruments, revenue and leases

Applicable Not applicable

2. Retrospective adjustments due to adoption of new accounting standards for financial instruments, revenue and leases

Applicable Not applicable

III. Auditor's report

Is this Report audited?

Yes No

This Report is unaudited.

ADAMA Ltd.
October 29, 2020