

ADAMA Ltd.

Announcement on the Acquisition of 100% Equity of Agrinova New Zealand Limited by a Wholly Owned Subsidiary

<p>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.</p>
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I. Overview of the Transaction

1. On December 5th, 2022, ADAMA New Zealand Ltd., (hereinafter referred to as "Adama New Zealand"), an indirectly wholly-owned subsidiary of ADAMA Ltd. (hereinafter referred to as "the Company") signed the Equity Purchase Agreement with George William McHardy, Iain Stuart Latter, Toddington Investments Limited and Farm Road Trust to acquire 100% equity interest they jointly hold in Agrinova New Zealand Limited (hereinafter referred to as "Agrinova" or "the target company") at an estimated price of NZ\$37.5 million (hereinafter referred to as "the Transaction"). The purchase price shall be finalized in accordance with the Equity Purchase Agreement. Upon completion of the Transaction, Adama New Zealand will hold 100% of the equity interest in Agrinova.

2. According to *Shenzhen Stock Exchange Stock Listing Rules, Self-Regulatory Guidelines for Listed Companies of Shenzhen Stock Exchange No. 1 - the Standard Operation of Listed Companies on the Main Board, Articles of Association and Management Measures for the Delegation of Certain Powers of the Board of Directors to the Chief Executive Officer (CEO)* of the Company, the Transaction is within the

scope of the CEO's authority and does not need to be submitted to the Board of Directors and the general meeting of shareholders for consideration.

3. The Transaction constitutes neither a related-party transaction nor a material asset restructuring under the *Measures for the Administration of Major Assets Reorganization of Listed Companies*.

4. The Transaction has been approved by Sinochem Holdings Corporation Ltd. (hereinafter abbreviated as "Sinochem Holdings") and the relevant procedures for asset appraisal and filing of the State-owned Assets Supervision and Administration Commission have been completed.

II. Basic Information of the Counterparties

(I) George William McHardy

1. Name: George William McHardy
2. Address: Hastings, New Zealand
3. Place of Employment: Agrinova

(II) Iain Stuart Latter

1. Name: Iain Stuart Latter
2. Address: Levin, New Zealand
3. Place of Employment: Agrinova

(III) Toddington Investments Limited

1. Name: Toddington Investments Limited
2. Type of Enterprise: Investment Company
3. Chairman: George William McHardy
4. Place of Registration: New Zealand

5. Headquarter: Darvill Mellors & Co, level 1, 2-12 Allen Street, Wellington, New Zealand

6. Main Business: Investment of Family Assets

7. Major Shareholders:

No.	Name of Shareholders	Shareholding Proportion
1.	G W McHardy Family Trust	100%

8. Related Party Relations: Toddington Investments Limited is not a related party of the company and it has no other relationships with the Company and its top ten shareholders in terms of property rights, business, assets, debts and liabilities or personnel, etc., which may cause or have caused the Company to favor their interests.

There is no business relationship between the Company and Toddington Investments Limited prior to this transaction.

9. Integrity Status: It has been verified that Toddington Investments Limited is not a defaulter.

(IV) Farm Road Trust

1. Company Name: Farm Road Trust

2. Type of the Enterprise: Trust

3. Chairman: Iain Latter

4. Place of Registration: New Zealand

5. Headquarter: Darvill Mellors & Co, level 1, 2-12 Allen Street, Wellington, New Zealand

6. Main Business: Investment of Family Assets

7. Major Shareholders:

No.	Name of Shareholders	Shareholding Proportion
1	Iain Latter	50%
2	Emily Buck	50%

8. Related-party Relations: Farm Road Trust is not a related party of the company. It has no other relationships with the Company and the top ten shareholders in terms of property rights, business, assets, debts and liabilities or personnel, etc., which may cause or have caused the Company to favor their interests.

There is no business relation between the Company and Farm Road trust prior to this transaction.

9. Integrity Status: It has been verified that Farm Road Trust is not a defaulter.

III. Basic Information of the Transaction Target

1. Overview of the Target Assets

(1) Name of the Assets: 100% equity interest of Agrinova New Zealand Limited

(2) Asset Category: Equity investment

(3) Encumbrance: No mortgage, pledge or any other third-party claim on the Target Equities. The transferred equity is not involved in any major disputes, lawsuits, arbitrations, freeze or other judicial measures.

(4) Location of the Assets: New Zealand

2. Overview of the Target Company

(1) Name of the Enterprise: Agrinova New Zealand Limited

(2) Time of Establishment: 1993

(3) Location of Registration: 15 Sunlight Grov, Kenepuru, Porirua city, New Zealand

(4) Main Business: to develop, produce and sell plant protection products, growth

regulators, bio-solutions and plant nutrients for the horticultural market

(5) Shareholding Structure

The shareholding structure of the Target Company prior to this transaction is as follows.

No.	Name of Shareholders	Shareholding Proportion
1.	Toddington Investments Limited	72.39%
2.	Farm Road Trust	27.59%
3.	George William McHardy	0.01%
4.	Iain Stuart Latter	0.01%

(6) Target Company's Key Financial Figures of the Last Year and the Last Period:

(1,000 NZD)

Key Financial Indicators	March 31 st , 2022 (for the year of 2021*)	Sep 30 th , 2022 (April to Sep, 2022)
Total Assets**	13,836	18,985
Total Liabilities	4,994	8,385
Total Account Receivables	673	6,908
Net Assets**	8,842	10,600
Revenue	22,790	16,223
Operating Income	6,913	4,629
Net Income	4,883	3,333
Net Cash Flow from Operating Activities	4,019	1,205

* The fiscal year of 2021 for Agrinova started on April 1st, 2021 and ended on March 31st, 2022.

**The numbers of total assets and net assets listed above are the book values and include debt that will not be carried over after Closing, and not economic value of Agrinova, including the economic values of its registrations, customer/supplier relations, brand value of GroChem in the local market, etc.

Note: all the financial results listed above are unaudited.

(7) Integrity Status: It has been verified that Agrinova is not a defaulter.

(8) Restriction: There is no restriction on the shareholders' rights in the *Articles of*

Association and other relevant documents of Agrinova other than which has been stipulated in the applicable laws and regulations.

(9) Appraisal Status: PricewaterhouseCoopers Advisory Ltd. issued an asset appraisal report for the Transaction. The benchmark date is March 31st, 2022, and both the income and market approaches were applied for the valuation. As the result of the income approach was recognized, the appraisal value supports the Transaction consideration agreed in *the Equity Purchase Agreement*.

(10) Upon completion of the Transaction, Agrinova will be included within the scope of the consolidated financial statement of the Company. As of the date of this announcement, the Company and any of its subsidiaries do not provide any guarantee, financial assistance to or entrust Agrinova for any financial management. Agrinova never used the Company's capital.

As of the date of this announcement, Agrinova does not provide any guarantee and financial assistance to any other party and there is no operating business transaction between Agrinova and the Company. Agrinova does not provide any financial assistance to any other party in the form of operating business transaction after completion of this Transaction.

(11) Operating Business Transactions

Agrinova leases land from a company controlled by Toddington Investments Ltd for production at a rent of \$127,000 NZD per annum, and the lease contract is valid for three years. A further two rights of renewal for a term of three years have been agreed. The land lease is a normal operational act for Agrinova to engage in production activities and has no significant impact on the Company.

IV. Key Terms of the Transaction Agreement

1. Parties of the Transaction

The Buyer: ADAMA New Zealand Ltd., a wholly owned subsidiary of the Company

The Sellers: George William McHardy, Iain Stuart Latter, Farm Road Trust, Toddington Investments Limited

2. Purchase Price: the preliminary purchase price of Agrinova on a cash-free and debt-free basis is NZ\$37.5 million and the purchase price for 100% of its equity should be determined based on its preliminary purchase price of Agrinova and be limited by the amount of net debt and net working capital of the target business as of the date of closing.

3. Payment: Cash Payment

4. Payment Arrangement: Lump-sum payment of the purchase price on the closing date

5. Effectiveness: The Agreement is effective upon the signing of both the buyer and the seller.

6. Date of Effectiveness: the signing date of the Equity Purchase Agreement

7. Period of Validity: valid for four calendar months after the effective date of the Agreement or such later date as may be agreed by the Buyer and the Sellers in writing.

8. Pricing Basis: The Company contracted an appraiser to conduct appraisal of the target assets and relevant procedures for asset appraisal and filing of the State-owned Assets Supervision and Administration Commission have been completed. The purchase price was determined based on the appraisal results and by mutual agreement of the transaction parties.

9. Source of Funds: Self-owned Funds

10. Delivery Status of the Target Asset: Normal Operation

11. Restructuring: By consensus between the Company and the counterparties, Agrinova will restructure after the Equity Purchase Agreement becomes effective, mainly by divesting Agrinova's holdings in Grochem Australia Pty Limited, Gro-Chem

Horticulture Limited and Freshtec NZ Limited. Among them, Grochem Australia Pty Limited, currently a related-party customer of Agrinova, will re-enter into a supply agreement with Agrinova on the basis of ADAMA's consent prior to the closing of the transaction and will continue to purchase products from Agrinova at market price after the closing of the transaction. Gro-Chem Horticulture Limited and Freshtec NZ Limited do not have specific operating businesses and assets.

12. Main Closing Precedents:

- (1) No material adverse event occurs to Agrinova.
- (2) Agrinova completes restructuring.
- (3) George William McHardy and Iain Stuart Latter sign employment contracts with Agrinova.
- (4) Relevant parties agree to change the actual controller of Agrinova.
- (5) Agrinova re-enters into a land lease agreement with a company controlled by the counterparty of the Transaction and re-enters into supply agreements with Grochem Australia Pty Limited.

13. Closing: The closing shall take place after the satisfaction or waiver of all the conditions precedent set forth the EPA ("Closing Date").

14. Attribution of Economic Benefits During the Transition Period: Before the closing date, all and any economic benefits, profits, interests and losses generated by the Target Business corresponding to the Agrinova Equities shall be attributed to the sellers.

15. Earnout Payment: Provided that the Closing of the Agrinova Transaction is completed, the Company may pay the sellers an earn-out payment capped at NZD 13.2 million depending on Agrinova's actual EBITDA performance for the three-year period.

V. Other Arrangements in the Transaction

1. Employee Settlement: The Transaction does not include any employee settlement

arrangement.

2. Land Lease: Agrinova will keep leasing lands for production from a company controlled by a transaction counterparty after the closing.

3. Potential Related-Party Transaction after Closing: The Transaction does not include any potential related-party transaction.

VI. Purpose of the Transaction and the Effects on the Company

As its main business, Agrinova develops, manufactures and sells crop protection products, plant growth regulators, biosolutions and plant nutritional's primarily in the horticulture segment. This Transaction will enable the Company to grow its product portfolio in the New Zealand market and pave its expansion into the complimentary segments of biologicals, plant nutrition and Plant Growth Regulators (PGR). Agrinova's product portfolio targets the horticulture market, complementing the Company's focus in New Zealand on row crops and fodder markets, and opening up a new, important market segment for the Company. Agrinova's expertise in biologicals plant nutrition and PGR is in line with Company's aim to increase its activities in the emerging market of biological products, increasing its offering that supports sustainable food production.

VII. Filing Documents

1. The Equity Purchase Agreement

It is hereby announced.

Board of Directors of ADAMA Ltd.

December 6th, 2022