

# **ADAMA Ltd.**

## **Liability Management Measures**

### **Chapter I General Provisions**

Article 1 The Measures are formulated to intensify the management of the liabilities of ADAMA Ltd. (hereinafter referred to as "the Company"), prevent debt risks, strengthen both asset-liability and interest-bearing liability control, and maintain a reasonable asset-liability ratio.

Article 2 The Measures should apply to the Company and its subsidiaries within the scope of consolidated statements.

Article 3 Double control of asset-liability and interest-bearing liability should be implemented for liability management. Asset-liability control refers to the indicators based on asset-liability ratio, which refers to the proportion of the total liabilities of an enterprise to its total assets. Interest-bearing liability control refers to the indicators based on year-end budget value and the upper limit value of the annual budget.

### **Chapter II Management Organizations and Responsibilities**

Article 4 As the main management department of assets and liabilities, the Finance Department of the Company is specifically responsible for the budget, financing and use of interest-bearing liabilities and analyses of the asset-liability structure as well as debt risk management.

Article 5 The Securities and Legal Affairs Department of the Company should be responsible for contract review and handling of relevant legal issues.

Article 6 All relevant departments of the Company have the responsibility to cooperate in asset and liability management and implement relevant requirements according to their responsibilities.

### **Chapter III Liability Management**

Article 7 Management of funds should be strengthened, especially with respect to the

management and supervision over the use of funds, so as to ensure fund security and improve efficiency.

Article 8 Liability management should be strengthened and an annual liability budget target should be incorporated into the budget to be deliberated by the Board of Directors. Establish a liability management system that meets the needs for liquidity and matches business development, rationally control the scale of liabilities and financing costs, and maximize benefits. Strengthen asset-liability management and liability planning, make rational plans and arrangements for the proportion of long-term and short-term financing, the scale of debts, and the due time, advance diversified financing sources, and maintain a solid asset-liability structure.

Article 9 Strengthen financing management and control the scale of interest-bearing liabilities. The total interest-bearing liabilities at the end of a year and the upper limit of liabilities within a year should not exceed the budget deliberated by the Board of Directors. Particular matter above the budget should be submitted to the Board of Directors for consideration.

Article 10 The Company should strengthen accounting and preparation of financial reports, and focus on the change of liability-related indicators including asset-liability ratio, working capital ratio, acid-test ratio, and net cash flow from operating activities.

#### **Chapter IV Risk Control**

Article 11 The Finance Department of the Company should regularly analyze asset and debt structure, pay special attention to monitoring indicators including asset-liability ratio, working capital ratio, acid-test ratio, and net cash flow from operating activities, and include subsidiaries with an asset-liability ratio of or over 70% at year end into risk control.

Article 12 The Company should establish a dynamic mechanism to monitor debt risk, raise funds reasonably, repay due debts in a timely manner and prevent debt defaults. Special attention should be paid to the following risks: 1. implicit debt risks; 2. off-balance sheet debt risks; 3. contingent debt risks; 4. capital chain rupture risks. Any of the aforementioned risks related to debt and cash flow of the Company should be reported in a timely manner as required.

Article 13 If the Company is included in the scope of liability risk control by SinoChem Holdings Corporation Ltd., the Company should timely develop a liability risk control plan and submit it to SinoChem for filing.

### **Chapter V Supplementary Provisions**

Article 14 The right to interpret the Measures should reside in the Financial Department of the Company.

Article 15 The Measures should come into effect as of the date of approval by the Board of Directors.

ADAMA Ltd.