

## **ADAMA Ltd.**

### **Announcement on Asset Impairments Made by a Controlled Subsidiary for the Fourth Quarter of 2023**

The Company and all members of its Board of Directors confirm that all the information disclosed herein is true, accurate, and complete with no false or misleading statement or material omission.

In accordance with the Accounting Standards for Business Enterprises, one of the controlled subsidiaries of ADAMA Ltd. (hereinafter referred to as the "Company"), is expected to record a total of RMB 230 million (approximately \$32 million) for Q4 2023 in provisions for fixed assets and construction in progress impairments. These provisions are mainly related to one-time impairment of some idle assets as provided herein.

#### **Overview and Financial Impact of Provision for the Asset Impairments**

During Q4 2023, one of the controlled subsidiaries of the Company recorded provisions for fixed assets and construction in progress impairments based on principles of prudent accounting and according to the "Accounting Standards for Business Enterprises" and the Company's own applicable accounting policies.

These provisions, charged to the total profits of the Company during the year, are expected to be amounted to RMB 230 million (approximately \$32 million).

#### **Basis and Explanation for Impairment of Fixed Assets and Construction in Progress**

The Company and its subsidiaries, assess at each balance sheet date whether there are any indications that the fixed assets and construction in progress may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets (recoverable amount is the higher between the assets' fair value less costs to sell and the present value of the future cash flow estimated to be derived from the asset). If the recoverable amount is below the assets' net cost recorded in the balance sheet, a provision for impairment is made.

Due to changes in the markets and upgrade in technology, impairment is expected to be made to some idle assets by one of the controlled subsidiaries of the Company.

#### **Explanation on the Reasonableness of Asset Impairments**

The aforementioned provisions resulted from non-cash charges due mainly to one-time impairment of certain idle assets.

Based on the current status of these assets, these non-cash impairments serve to correctly present the balance sheet of the Company, truly and fairly reflects the company's financial situation, asset value and operating results, while meeting requirements of accounting standards and related policies.

### **Other Explanations**

The expected provision for asset impairment is the result of the preliminary calculation of the financial department of the Company, without the audit of the accounting firm. Please refer to the audited 2023 Annual Report of the Company for final financial data. Investors are kindly reminded to pay attention to investment risks.

It's hereby announced.

Board of Directors  
**ADAMA LTD.**  
January 6, 2024