

## **ADAMA Ltd.**

# **Announcement on the Intended Renewal of the Financial Service Agreement with Sinochem Finance Co., Ltd., constituting a related-party transaction**

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. Basic Information on the Transaction**

In order to continuously optimize financial management, improve capital efficiency, and reduce financing costs and risks, on January 13, 2022 ADAMA Ltd. (hereinafter referred to as "the Company") signed a *Financial Service Agreement* (hereinafter referred to as "the Original Agreement") with Sinochem Finance Co., Ltd. (hereinafter referred to as the "Finance Company"), according to which the Finance Company would provide relevant financial services to the Company and its subsidiaries for a three-year term ending on January 12, 2025. For details, please refer to the Announcement on the Signing of a Financial Service Agreement with Sinochem Finance Co., Ltd., constituting a related-party transaction (Announcement No.2021-50) disclosed on December 24, 2021.

The Company wishes to continue to receive financial services from the Finance Company, including deposits, clearance, credit and additional financial services approved by the National Financial Regulatory Administration, and therefore wishes to renew the Financial Service Agreement with the Finance Company (hereinafter referred to as "the Transaction" and the "Renewed Agreement").

The Finance Company is a subsidiary controlled by Sinochem Holdings Corporation Ltd. (hereinafter referred to as "Sinochem Holdings"), the indirect controlling shareholder of the Company through Syngenta Group Co., Ltd.. According to the *Listing Rules of the Shenzhen Stock Exchange*, the Finance Company is therefore a related party to the Company due to them both being under the common control of Sinochem Holdings, and the Transaction constitutes a related-party transaction.

The Transaction has been reviewed and approved by the 7<sup>th</sup> Meeting of the 10<sup>th</sup> session of the

Board of Directors of the Company. Among the five directors of the Company, the related-party director, Mr. Liu Hongsheng refrained from voting, while among the remaining votes of the four directors, there were four affirmative votes, zero negative votes and zero abstentions. This Transaction has been reviewed by the Specialized Meeting of Independent Directors of the Company and approved by all independent directors.

The Transaction requires the approval of the Company's shareholders. Syngenta Group Co., Ltd. will refrain from voting.

The Transaction does not constitute a major asset reorganization as stipulated in the *Management Measures for Major Asset Restructuring of Listed Companies*.

## **II. Description of the Related Party**

### **1. Basic Information of the Related Party**

Name of the Related Party: Sinochem Finance Co., Ltd.

Registered Address: 3/F, Central Tower, Chemsunny World Trade Center, No.28 Fuxingmennei Street, Xicheng District, Beijing

Ownership Property: Other Limited Liability Company

Unified Social Credit Code: 911100007109354688

Licensed Financial Institution Code: L0091H211000001

Legal Representative: Xia Yu

Registered Capital: RMB 6,000 million

Date of Establishment: June 4<sup>th</sup>, 2008

Business scope: Services for Enterprise Group as Finance Company.

Credit status: After searching on the website of disclosure of enforcement information of China, it appears that the Finance Company is not a debtor subject to enforcement.

### **2. Shareholders and their Shareholding Proportion**

The Finance Company is jointly owned by Sinochem Holdings and its two subsidiaries of Sinochem Holdings. The shareholders and their shareholding proportion are as follows:

Sinochem Holdings 37%, Sinochem Corporation 35% and Sinochem Capital Co., Ltd. 28%.

### **3. Financial Status of the Finance Company**

The most recent financial situation of the Finance Company is as follows:

	At Sep 30, 2024	At Dec 31,2023
Total Assets	6,259,800	6,527,900
Total Liabilities	5,156,800	5,452,200
Shareholders' Equity	1,103,000	1,075,600
Capital Adequacy Ratio	13.66%	14.04%
	Jan to Sep 2024	2023
Revenue	47,612.95	87,207.83
Total Profit (pre-tax income)	32,347.81	70,832.90

#### 4. Relations between the Related Parties

The controlling shareholder of the Company, Syngenta Group Co., Ltd., is a subsidiary indirectly controlled by Sinochem Holdings. The Finance Company is a subsidiary indirectly controlled by Sinochem Holdings. Therefore, both the Company and the Finance Company are ultimately controlled by Sinochem Holdings.

### III. Basic Information on the Subject of the Transaction

The Finance Company shall provide the Company and its subsidiaries with relevant financial services including deposits, clearance, credit and other relevant financial services approved by the National Financial Regulatory Administration, all in accordance with the provisions of the Renewed Agreement.

### IV. Main Content and Pricing Principle of the Transaction Agreement

ADAMA Ltd. ("Party A") and Sinochem Finance Co., Ltd. ("Party B") intend to sign the Renewed Agreement, such that Party B shall continue to provide Party A and its subsidiaries relevant financial services in accordance with the terms and conditions thereof.

For the avoidance of ambiguity, Party A's subsidiaries refer to its wholly-owned subsidiaries, controlling or share-holding subsidiaries. Party A and its subsidiaries shall comply with the provisions of the *Administrative Measures on Finance Companies of Enterprise Group* regarding the group member entities.

#### 1. Scope of Services

Party B shall provide Party A and its subsidiaries with the following financial services within the business scope approved by the National Financial Regulatory Administration:

##### (1) Deposit:

Party A and its subsidiaries shall open separate deposit accounts in Party B. The accounts shall be used for deposit of funds with the freedom to deposit and withdraw at any time. The type

of the account may be demand deposit, time deposit, notice deposit and agreement deposit, etc.

Subject to regulatory requirements, the deposit interest rate provided by Party B to Party A and its subsidiaries shall not be lower than that of the same type: (i) identified by the People's Bank of China during the same period; or (ii) in major domestic commercial banks during the same period;

Party A and its subsidiaries' daily maximum deposit balance and interest in Party B shall not be more than RMB 1.5 billion yuan in principle;

Party B shall deposit all funds that Party A and its subsidiaries shall have deposited into accounts of commercial banks that are established with approval by the National Financial Regulatory Administration, such as China Construction Bank, Bank of China, Bank of Communications, etc. Party B shall ensure the security of the deposit of Party A and its subsidiaries;

Party A shall have the right to terminate this Agreement if Party B fails to pay the principal of or the interest on the deposits due to Party A and its subsidiaries in full and on time, and Party A or its subsidiaries affected by such failure shall have the right to offset any loan rendered to any of them by Party B with such overdue principal and interest of the deposits payable to them in accordance with laws;

If Party A and/or Party A's subsidiaries suffers economic losses due to other breach of contract by Party B, the latter shall compensate Party A for the full amount of such losses and Party A shall have the right to terminate this Agreement.

#### (2) Clearance:

Party B shall provide payment, collection and other supporting services related to the clearance in accordance with Party A and its subsidiaries' instructions;

Party B shall provide Party A and its subsidiaries with free clearance services mentioned above; Party B shall ensure the safety of network operation for fund clearance, guarantee fund security, control risks of assets and liabilities and satisfy Party A and its subsidiaries' payment demands.

#### (3) Credit:

In accordance with relevant national laws and regulations, Party B may provide Party A and its subsidiaries with comprehensive credit service according to their operation and development needs. Party A and its subsidiaries may use the credit line defined by Party B for loans, bill acceptance, bill discounting, non-financing guarantee and other forms of financing services. Party B shall prioritize Party A and its subsidiaries' needs within its own financial capacity;

Party B shall provide Party A and its subsidiaries with a preferential interest rate of loans that should not be higher than that of the same-grade of the same type loan obtained by Party A and its subsidiaries in other domestic financial institutions during the same period of time; In accordance with the regulatory requirements, the accumulated credit lines set by Party B to Party A and its subsidiaries shall not exceed RMB 2 billion yuan, but the specific amount shall be subject to the actual approval of Party B's credit approval committee; Party B and Party A and its subsidiaries shall sign separate loan agreements and other agreements concerning specific matters of credit service as required to provide the services.

#### (4) Other Financial Services:

The Parties may agree from time to time during this Agreement that Party B shall provide Party A and its subsidiaries with other relevant financial services (“Other Financial Services”) within its business scope in accordance with Party A and its subsidiaries’ instructions and requirements, subject to the execution of a separate written agreement between the Parties with respect to the nature, scope and fees regarding the Other Financial Services;

The fees charged by Party B for the Other Financial Services shall not be higher than those charged by major financial institutions in China for the same type of services.

## 2. Term of Validity

This Agreement shall be signed by both Parties and shall take effect when the Original Agreement signed on January 13, 2022 expires as well as being approved by the board of directors and the general meeting of shareholders of Party A in accordance with the listing rules and applicable laws and regulations.

This Agreement shall be valid for three years from the effective date.

## V. Risk Assessment and Risk Prevention Measures

On November 6, 2024, the 7<sup>th</sup> Meeting of the 10<sup>th</sup> Session of the Board of Directors of the Company approved the Finance Company’s risk appraisal report, stating that: (i) the Finance Company holds a valid *Financial Institution License* and a *Business License*; (ii) no violation of the “*Administrative Measures on Finance Companies of Enterprise Group*” promulgated under Decree [2022] No.6 of the China Banking and Insurance Regulatory Commission has been identified; and (iii) its various regulatory indicators are in line with the requirements of Article 34 of the Measures.

The 7<sup>th</sup> Meeting of the 10<sup>th</sup> Session of the Board of Directors of the Company approved the *Contingency Plan for Deposits at Sinochem Finance Co., Ltd.* to protect the safety and liquidity of the Company and its subsidiaries' deposits in the Finance Company.

## VI. Purpose of the Transaction and its Impact on the Company

By signing the Renewed Agreement, the Finance Company will provide financial services to the Company and its subsidiaries, which is conducive to optimize the financial management of the Company, reduce the cost of capital and improve the efficiency of its financing. The transaction is aligned with the interests of the Company and all shareholders, and will not have a negative impact on the regular business activities and financial situation of the Company.

## **VII. Status of Different Kinds of Executed Related Party Transactions between the Company and Sinochem Holdings**

The status of different kinds of executed related party transactions between the Company and subsidiaries of Sinochem Holdings are as follows:

1. The Company and its subsidiaries' Deposits and Loans in the Finance Company: As of the date of this announcement, the balance of deposits remains RMB 379.79 million and USD 2.14 million, and the loan amount is RMB 50 million, which have been approved by the 1<sup>st</sup> Interim Shareholders Meeting in 2022.
2. From January 1, 2024 till June 30, 2024, the occurred related party transactions with subsidiaries of Sinochem Holdings in the ordinary course of business is RMB 1,335.25 million. The estimated related party transaction amount in the ordinary course of business approved by the 2023 Annual Shareholders Meeting is RMB 4,143.71 million.
3. The 33<sup>rd</sup> meeting of the 9th session of the Board of Directors approved the Proposal on Credit Facility from the Related Party according to which Syngenta Group (NL) B.V., a subsidiary of the Company's controlling shareholder Syngenta Group Co., Ltd., shall enter into an additional Facility Agreement and provide an amount of USD 200 million credit facility in favor of Adama Fahrenheit B.V., an indirectly wholly-owned subsidiary of the Company, and the transaction has been approved by the 2024 1st Interim Shareholders Meeting.
4. The 3<sup>rd</sup> meeting of the 10th session of the Board of Directors considered the Proposal on the Purchase of Liability Insurance for Directors, Supervisors and Senior Executives and the Related-party Transaction, according to which the Company will purchase a Directors and Officers liability insurance policy by way of adding the Company to the Directors and Officers liability insurance policy of Syngenta Group Co., Ltd., and the transaction has been approved by the 2024 2nd Interim Shareholders Meeting.

## **VIII. Independent Directors' Prior Approval**

1. The Company's Specialized Meeting of Independent Directors approved the Transaction and the independent directors have given approval opinions on the Transaction: The

Finance Company is a normative non-banking financial institution approved by the National Financial Regulatory Administration (formerly the China Banking and Insurance Regulatory Commission). The rendering of financial services by the Finance Company to the Company and its subsidiaries according to the *Financial Service Agreement* is within its business scope and complies with related laws and regulations;

2. The Renewed Agreement to be signed follows the principle of equality and voluntariness, and is based on the principles of fairness and transparency. It does not harm the interests of the Company or its minority shareholders; the Transaction is conducive to increasing the Company's return on capital and improving its financing capabilities;
3. The Finance Company's risk appraisal report fully reflects the Finance Company's operating qualifications, business and risk status. As a non-banking financial institution, its business scope, business content and procedures, internal risk control system and other measures are all subject to strict supervision by National Financial Regulatory Administration. Under the above-mentioned risk control conditions, the independent directors approve that the Finance Company will provide relevant financial services to the Company and its subsidiaries;
4. The *Contingency Plan for Deposits at Sinochem Finance Co., Ltd.* formulated by the Company can effectively and timely prevent, control and resolve the Company's financial risks and secure its funds;
5. The decision-making procedures for the Transaction conform to the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China* as well as the *Articles of Association of the Company* and other laws and regulations. The independent directors agree to submit the proposal to the Company's Board of Directors for approval.

#### **IX. Documents for Future Reference**

1. Resolution of the 7<sup>th</sup> Meeting of the 10<sup>th</sup> Session of the Board of Directors of the Company;
2. The resolutions of the Specialized Meeting of Independent Directors;
3. Renewed *Financial Service Agreement* to be Signed.

The Announcement is hereby made.

The Board of Directors of ADAMA Ltd.  
November 7, 2024